

BY EMAIL

October 2, 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 Enbridge Gas Inc. – Section 101 Application

OEB File Number: EB-2020-0160

In accordance with the OEB's procedural direction, please find attached the OEB staff submission in the above proceeding. The attached document has been forwarded to 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

Enbridge Gas Inc. Section 101 Application

EB-2020-0160

October 2, 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 an order authorizing the construction of 29 km of natural gas pipeline and related facilities (the Pipeline), 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 (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. 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.

Enbridge Gas alleges that Essex County has refused to issue permits for the construction of a 22.9 km segment of pipeline along County Road 46 unless Enbridge Gas commits to the following:

- Installation of the pipeline with a depth of cover of 1.5m rather than the 1m depth of cover proposed by Enbridge Gas. Enbridge Gas estimated that this change would cost an additional \$7.2 million.
- Removal of approximately 21.8 kms of NPS 10 steel existing steel main in the right-of-way rather than Enbridge Gas' proposed abandonment in place that was noted in the original leave to construct application². Enbridge Gas has estimated that removing the pipeline would result in additional costs of approximately \$5.9 million.

Enbridge Gas requests the following relief from the OEB:

- a) an order, pursuant to section 101 of the OEB Act, granting Enbridge Gas authorization to, within the County Road 46 right of way, construct a work upon, under or over a highway, utility line or ditch at a depth of cover of approximately 1m and otherwise in accordance with Enbridge Gas' standards and procedure including abandoning the existing pipeline in place
- b) In the alternative to a), an order, pursuant to section 101 of the OEB Act and Condition 4 of the Decision and Order in the Leave to Construct Application,

¹ EB-2019-0172 Decision and Order

² EB-2019-0172 Application

direction and authorization, in whole or in part, to:

- i. construct a work upon, under or over a highway, utility line or ditch at a depth of cover of approximately 1.5m and otherwise in accordance with CSA Z662 and Enbridge Gas' construction policies and standards; and/or
- ii. Removal and remediation of approximately 21.8 kms of NPS 10 steel existing steel main.

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 evidence by Essex County and 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 that would be eligible for an award of costs.

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. Essex County filed its evidence on July 24, 2020. Interrogatories on Essex County's evidence were filed by OEB staff and intervenors on August 7, 2020 and responded to by Essex County on August 21, 2020.

Enbridge Gas filed its Argument-in-Chief (AIC) on September 22, 2020.

Submission

Having reviewed the record of this proceeding, OEB staff supports Enbridge Gas's request for an order authorizing the construction of the Pipeline with a 1m depth of cover and for the abandonment in place of the existing pipeline.

The OEB staff submission will cover the following areas: the two main contested issues between Enbridge Gas and Essex County with respect to the construction of the Pipeline (namely the depth of cover of the proposed pipeline and the removal rather than the abandonment in place of the existing pipeline) and the proposed confidential treatment of

the information provided by Enbridge Gas in Attachment 1 of the response to Pollution Probe Interrogatory 10.

Depth of Cover of Proposed Pipeline

The Windsor Pipeline is a distribution pipeline providing natural gas service to residents and businesses from Port Alma, in the Municipality of Chatham-Kent to the City of Windsor, located in the County of Essex. In August 2019, Enbridge Gas applied to the OEB for an order granting leave to construct for the Windsor Pipeline Replacement Project (Project). The purpose of the Project was to replace the existing Windsor Pipeline, which was old and was suffering from significant integrity issues. A portion of the Project (29 kilometers of the 64 kilometers) passes along County Road 46. The leave to construct application included Enbridge Gas's proposal for a depth of cover of approximately one meter and its proposal to abandon the existing pipeline in place. Essex County was given notice of the proceeding, but it did not participate. The OEB granted leave to construct for the Project in a Decision and Order dated April 1, 2020³. The approval was subject to a number of conditions, including a requirement to advise the OEB of any proposed changes to the Project, and to obtain OEB approval for these changes.

Enbridge Gas states that its proposal to use a depth of cover of 1m and to abandon the existing pipeline in place is consistent with all applicable technical standards.

In the OEB's letter of completeness issued to Enbridge Gas, the OEB noted that Enbridge Gas had confirmed that it would file a report from the Technical Standards and Safety Authority(TSSA) providing the TSSA's review of the Project, as soon as it was received. On July 21, 2020, the TSSA filed a letter of review for the Project indicating that the applicable construction standard is CSA Z662-15 which the TSSA has adopted under FS-238-8-Oil and Gas Pipelines Code Adoption Document (CAD) Amendment (February 15, 2018).

As part of its evidence, Enbridge Gas provided an excerpt of the CSA Z662-15 standard which sets out a minimum depth of cover of 0.6m for both the road right-of-way and below the travelled surface of a road for a distribution pipeline⁴. Enbridge Gas also has its own construction standards, and in response to interrogatories provided an excerpt of its Construction and Maintenance Manual. Table 3.9.1 of that document shows a minimum depth of cover for distribution mains and lines of 1.0m for road crossings and 0.75m for

³ EB-2019-0172 Decision and Order

⁴ Enbridge Gas OEB Staff IRR 1(h)

distribution main within the untraveled portion of the roadway⁵.

Enbridge Gas has proposed a depth of cover of 1m for the pipeline to be installed along County Road 46⁶. Essex County requested that when the proposed pipeline is within 6m of the edge of the road, the pipeline ought to be installed with a 1.5m depth of cover⁷.

Essex County stated that it relies on application of the Transportation Association of Canada's Guidelines (TAC Guidelines) for Underground Utility Installations Crossing Highway Rights-of-Way as a basis to support its request for a depth of cover of 1.5m. Essex County stated that the TAC Guidelines set out a minimum depth of cover of 1.5m for for an unencased pipeline as proposed by Enbridge Gas⁸. Essex County further stated that it relies upon and follows the TAC Guidelines in all road projects within its authority⁹.

Essex County provided a copy of the TAC Guidelines as part of its evidence which sets out the objective of the guidelines as follows:

"The purpose of these general guidelines is to assist the various road authorities in establishing and administering reasonably uniform criteria for the accommodation of utilities crossing highway (and freeway) rights-of-way."

Section 2 of the TAC Guidelines states the following:

"These guidelines apply to all public and private underground utilities, including, but not limited to, electric power, communications (EG cable television), water, gas, petroleum products, sewer and similar facilities that are to be located, adjusted or relocated within the rights-of-way under the jurisdiction of road authorities. These general guidelines are provided for consideration and use by road authorities in regulating the use and occupancy of highway (and freeway) rights-of-way by utilities. They are limited to matters, which are the responsibility of road authorities for preserving the safe operation, maintenance, construction and integrity of the highway."

In Section 4.1 of the TAC Guidelines specific reference is made to the CSA-Z662 standard:

"All gas and liquid pipelines, water and sewer pipes and underground electric power distribution and communication lines crossing highway rights-of-way should be installed alone, in joint use or in proximity to each other or other facilities according to the higher requirements for the design, construction, operation and maintenance stipulated in the present general guidelines, in CAN/CSA - C22.3 No. 7 'Underground Systems' NCA/CSA- Z662 'Oil and Gas Pipelines System' Standards and in National Energy Board Act and Regulations."

⁵ Enbridge Gas Pollution Probe IRR 6

⁶ Application, Exh A/Tab 2/Sch 1/page 4, paragraph 13

⁷ County of Essex Evidence, Tab 1, Page 2, paragraph 7

⁸ County of Essex Evidence, Tab 1, page 5

⁹ County of Essex Evidence, Tab 1, Page 5, paragraph 15

Enbridge Gas submitted that the TAC Guidelines are just guidelines and have no binding authority. Enbridge Gas stated that Essex County did not inform Enbridge Gas or its consultant, Stantec Consulting Inc., during the preparation of the Environmental Report filed in LTC proceeding¹⁰ of any requirement that Enbridge Gas follow the TAC Guidelines. Enbridge Gas also noted that the TAC Guidelines have not been incorporated into any previous permit applications issued by Essex County¹¹.

Essex County's evidence indicated potential widening of County Road 46 and stated that this will result in the new pipeline being constructed under the travelled portion of the road. Essex County expressed concern that a depth of cover of 1.0m under a heavily travelled roadway with significant volumes of overweight vehicles will not meet the minimum necessary safety requirements for its residents and other users of the road and those adjacent to it¹².

In its evidence, Enbridge Gas filed engineering analysis reports prepared by its own engineers and by an independent engineering firm, Wood PLC, to demonstrate the sufficiency of a 1.0m depth of cover¹³. Essex County retained an independent engineering firm, Haddad Morgan & Associates Ltd. (Haddad), to review and comment on the engineering analysis reports prepared by Enbridge Gas and Wood PLC. The comments made by Haddad acknowledged that conservative loadings were used and noted soil considerations including the fact that the soil in and around a roadway has generally been disturbed will impact the load analysis.

Enbridge Gas submitted that it undertook a detailed engineering analysis of the stresses that would be transferred to the pipe under the most severe loading conditions permissible by law in Ontario and found that the pipe could withstand these stresses with a large margin of safety at the proposed 1m depth of cover¹⁴. Enbridge Gas argued that Essex County has provided no technical information that demonstrates that Enbridge Gas's proposed installation is unsafe or otherwise deficient.

Enbridge Gas argued that Essex County has not demonstrated a safety reason or future conflict with a road project supporting the increase in the depth of cover¹⁵. Enbridge Gas stated that while Essex County has advised of a potential widening for County Road 46, Essex County has not provided any official document that shows the expansion of County Road 46 east of Manning Road (County Road 19). Enbridge Gas submitted that in response to its interrogatories, Essex County confirmed that the road widening was not

¹¹ AIC, paragraphs 73,76, page 16

¹⁰ EB-2019-0172

¹² County of Essex evidence, Tab 1, paragraph 23, page 8

¹³ Application, Exh B/Tab1/Sch5/App A

¹⁴ AIC, paragraphs 47-49, page 10

¹⁵ Application, Exh A/Tab2/Sch 1/p.5

identified in its Official Plan, was not included its Transportation Master Plan, and was not identified in its Capacity Expansion Program (2020-2037)¹⁶.

Enbridge Gas stated that its proposal meets all relevant technical requirements and any other option would impose significant costs. Enbridge Gas estimated that \$7.2 million of additional costs would be incurred to accommodate coverage depth of 1.2m up to 1.5m. Enbridge Gas submitted that it does not view any interim depth, such as 1.2m, as a feasible compromise as there is no evidence regarding any improved safety or other benefit.

Submission

In OEB staff's view, the key issue of disagreement between Enbridge Gas and Essex County on the depth of cover appears to be the relevant construction standard that should apply to the Project.

Enbridge Gas has asserted that its proposed installation depth of 1m exceeds all of the requirements of the currently applicable CSA-Z662-15 standard for depth of a distribution pipeline. It also exceeds Enbridge Gas's internal construction standards. In response to OEB staff interrogatories to Enbridge Gas, Enbridge Gas provided confirmation from the TSSA that CSA-Z662-15 was the applicable standard for the Project, and that the Project met the requirements of CSA-Z662-15 (including with respect to the depth of cover) and that it did not find any code non-compliances on its review of the Project¹⁷.

OEB staff therefore accepts that the appropriate standard is CSA-Z662-15, and that Enbridge Gas's proposal (both here and as part of the approved leave to construct filing) meets that standard. Essex County has not provided proper rationale for its position that the TAC Guidelines should be used in place of CSA-Z662-15. The TAC Guidelines state that these were provided simply as guidelines to the road authority and do not constitute a policy, a standard, a specification or a regulation but rather proposes criteria, and road authorities have the option of applying other criteria. Essex County does not appear to have formally adopted the TAC Guidelines. The response to interrogatories requesting information on when Essex County had adopted the TAC Guidelines states that Essex County has not officially adopted any standard or guideline but that the County Engineer has the discretion what standard or guideline to consider in making a determination on any project and had decided that the TAC Guidelines were the appropriate guidelines to utilize for this project¹⁸. It is also stated in the TAC Guidelines that the guidelines make no

¹⁶ AIC, paragraphs 63,64, pages 12,13

¹⁷ Enbridge Gas OEB Staff IRR 1(f)

¹⁸ County of Essex IRR Enbridge Gas 19(f)

reference to the legal right of utilities to use or occupy highway rights-of- way or to the financial responsibility involved in the adjustment or relocation of utilities on such rights-of-way¹⁹. Finally, it is not clear that the TAC Guidelines even apply to pipelines travelling parallel to a road – the title of the document refers to road crossings, and the TAC Committee appears to indicate that the TAC Guidelines are relevant to crossings, and not parallel lines²⁰.

In responses to interrogatories from Enbridge Gas and OEB staff regarding the timing for the widening of County Road 46, Essex County has indicated that it is not at the design phase for the planned improvement of County Road 46 but that County Council has identified County Road 46 as an essential east/west corridor that is slated to be widened in the next five to ten years although there is no strict schedule at this time. Essex County also noted that the Capacity Expansion Program (2020-2037) at this time shows no early works or construction on County Road 46 prior to 2037, although it does note that the County's plan is to start improvements on County Road 46 in the next five to ten years and earlier if the need warrants and the funding is available²¹. In any event, even if the road were to be widened in the future, the proposed depth of cover appears to be adequate according to the evidence (and meets the CSA-Z662-15 standard) even if the pipeline were to be located under the travelled portion of the road.

OEB staff submits that Essex County has not provided evidence that the Project would result in any future conflict with a road project that would support the increase in depth of cover that Essex County has requested. OEB staff submits that Essex County's evidence does not demonstrate any concrete plans regarding financing, environmental assessments, design, schedule or land acquisitions for potential road widening.

In OEB staff's view, there is no evidence that demonstrates that Enbridge Gas's proposed installation is unsafe or otherwise inappropriate that would provide support for Essex County's requested increase in the depth of cover. In its interrogatories, Essex County asked whether the standards the TSSA relies on in giving its opinion in this matter takes into consideration the nature and use of this roadway including that overweight loads will be travelling along the pipeline Enbridge Gas proposes to install under the unpaved shoulder. The TSSA responded stating that the CSA Z662 standard is developed through consultations by all stakeholders, including all regulators within Canada. The TSSA stated that this standard defines what is the minimum requirements for road crossing and considered the points mentioned in this question. The TSSA further stated that according

¹⁹ County of Essex evidence, Tab 5, TAC Guidelines, pages 7,12

²⁰ Exhibit I, Staff 4, Attachment 4, pages 1 and 2.

²¹ Essex County IRRs to Enbridge Gas 6,26 and OEB Staff 1

to the same standard, pipeline operators are mandated to have integrity management program in place to operate their lines with safe conditions²².

OEB staff submits that Enbridge Gas's evidence is that the proposed pipeline is designed in accordance with requirements of Ontario Regulation 210/01, Oil and Gas Pipeline Systems, under the *Technical Standards and Safety Act, 2008* and the CSA Z662-15 Oil and Gas Pipeline Systems standard. OEB staff notes that the TSSA reviewed the pipeline design specification and did not raise any issues regarding the safe operation of the pipeline. OEB staff submits that the TSSA, as the agency overseeing the operation of the pipelines in Ontario, has the authority to implement all of the applicable standards and regulatory requirements.

Based on a review of all of evidence provided, OEB submits that Enbridge Gas's proposal regarding the depth of cover is in the public interest.

Abandonment/Removal of the Existing Pipeline

Enbridge Gas is seeking authority of the OEB to abandon the NPS 10 pipeline in place consistent with the LTC application and as permitted by the CSA Z662-15 standard. According to Enbridge Gas's evidence, approximately 22 km of the existing NPS 10 pipeline is within the County Road 46 right-of-way. Another 7 km of the NPS 10 pipeline is located beside the right of way but within private lands within Essex County.

Essex County requires the removal of the NPS 10 steel main from the right-of-way rather than permitting it to be abandoned in-place. Essex County asserted that the failure to remove the existing pipeline significantly would impact its ability to allow for the installation of various necessary and required utilities noting that Enbridge Gas's proposal results in two corridors for its pipeline, one for the existing pipeline if it is abandoned in place and one for the newly constructed pipeline. Essex County stated that there are numerous infrastructure demands within the right-of-way in which Enbridge Gas intends to construct the new pipeline. Essex County argued that it has always maintained its position that the new pipeline should be constructed in the same corridor as the existing pipeline, utilizing all available private easements. Essex County stated that when it became apparent that Enbridge Gas would not agree to this requirement, it reluctantly agreed to the construction of the new pipeline within the right-of-way on condition that the old pipeline be removed and not simply abandoned²³.

²³ County of Essex evidence, Tab 1, paragraph 33, page 11

²² Enbridge Gas IRR Essex County 32(k)

Enbridge Gas submitted that Essex County's requirements for the removal of this pipeline is inconsistent with Enbridge Gas's typical practice and were not planned as part of the Project's 2021 construction plan. Enbridge Gas further submitted that Essex County has previously accepted the practice of abandoning facilities in place.

Enbridge Gas stated that it typically abandons pipelines located in public road allowance in place; sectioning and capping the pipeline to prevent it from becoming a conduit for underground water and filling it with grout under areas with above settlement concern or that would be too disruptive to excavate (i.e. under roadways, driveways, watercourse crossings and environmentally sensitive areas).

According to the application, the existing pipeline was installed primarily within 1m of the property line offering homeowners, municipalities and the County the ability to establish landscaping and tree coverage. There are currently 186 customer homes and in excess of 90 anticipated agricultural lands that will would require temporary land use executions, archaeology assessments and soil remediation to fully remove the existing pipeline. Enbridge Gas stated that removal would require significant excavation and would result in significant long-term remediation for restorations.

In response to an interrogatory by Pollution Probe regarding OEB approval for abandonment of a natural gas pipeline, Enbridge Gas confirmed that no regulatory approval is required for the decommissioning or abandoning of a distribution line.

Submission

OEB staff supports Enbridge Gas's proposal for abandonment of the pipeline as set out in the LTC application. Enbridge Gas has confirmed that its proposal is in compliance with the requirements of section 12.10.3.4 of the CSA Z662-15 standard for the abandonment of distribution lines.

OEB staff notes that the 1957 Franchise Agreement grants to Enbridge Gas the right to install, use, maintain, repair, abandon, reconstruct or alter pipelines in the highways under the jurisdiction of Essex County. Conditions 4 and 5 of the Franchise Agreement set out that any pipeline constructed shall be laid at locations approved by the Roads Superintendent for Essex County and shall be constructed so as to not interfere with the use of the highway or any sewers, water-pipes, drains, or ditches therein or thereon.

OEB staff notes that Condition 6 the Franchise Agreement provides certain rights to Essex County to request removal of a pipeline that has been taken out of service. In its AIC, Enbridge Gas submitted that these rights are not unfettered but must be exercised within the intent and the express provisions of the Franchise Agreement and in a manner that is consistent with the broad public interest. OEB staff supports these submissions of Enbridge Gas.

Similar to OEB staff's submissions on the depth of cover issue, OEB staff reiterates that Essex County has not provided evidence of any concrete plans to expand the road that would necessitate the removal of the pipeline. OEB staff also notes Essex County's response to Enbridge Gas's interrogatory which states that the existing NPS 10 pipeline is "unlikely" to be directly impacted by the purported widening even if it were to occur²⁴. Essex County has not pointed to any current or planned infrastructure projects that are likely to be impacted by abandoning the existing pipeline in place.

In OEB staff's view, Essex County has not provided a compelling basis for the removal of the NPS 10 pipeline that would justify Enbridge Gas incurring additional estimated costs of removal of \$5.9 million to be eventually recovered from ratepayers.

In sum, OEB staff submits that Enbridge Gas's proposal for the abandonment in place of the existing NPS 10 pipeline as set out in the LTC application is in the public interest.

Confidential Information

In response to Pollution Probe Interrogatory 10, Enbridge Gas filed a redacted version of the Services Agreement with Wood PLC.

The OEB's Decision on Environmental Defence's Motion directed Enbridge Gas to provide an explanation, including specific reasons, why the information provided in Attachment 1 of the response to Pollution Probe Interrogatory 10 should be treated as confidential and why public disclosure of that information would be detrimental.

In its AIC, Enbridge Gas explained that the public response included redactions of two segments – insurance and pricing – of the Services Agreement.

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²⁴ County of Essex IRR - Enbridge 21

Enbridge Gas stated that the OEB's *Practice Direction on Confidential Filings* states that the OEB may consider any prejudice to a person's competitive position in determining whether or not such information should be disclosed.

Enbridge Gas submitted that Wood PLC operates in the highly competitive environment of engineering consulting services and that it would be harmful to Wood PLC if its competitors were able to review the contents of the Services Agreement as the competitors would be able to alter their service offerings based upon this information, stating that price is a significant consideration in such agreements and the decisions to enter such agreements. Enbridge Gas submitted that it is also possible that competitors could use this information for work from entities other than Enbridge Gas so the damage may go beyond engineering services to Enbridge Gas.

Enbridge Gas further submitted that while less obvious than price, insurance can be a significant factor in the decision to retain a consultant. Enbridge Gas asserted that for all of the entities covered, the nature of the coverage in subject matter and amount are all negotiated items and disclosure of such information could impact Wood's ability to compete for work with Enbridge Gas and third parties.

Enbridge Gas also stated that it may be adversely impacted if other competitors who may have provided more favourable terms to Enbridge Gas determine that it is not necessary to have provided such terms. In those future situations, Enbridge Gas and thereby ratepayers may not receive the full benefit of competitive offerings.

Enbridge Gas also noted the lack of probative value that this element of the evidence has in respect of the matters at issue in this proceeding and requested that these sections of the Services Agreement be retained in confidence.

Submission

OEB staff notes that Appendix A of the OEB's *Practice Direction on Confidential Filings* sets out factors that the OEB may consider in addressing confidentiality of filings. One of the considerations is whether the information may prejudice a person's competitive position.

OEB staff accepts that Wood PLC's competitive position could be harmed by the release of the redacted information and supports Enbridge Gas's confidentiality request. OEB staff also notes that the redacted information has little relevance to the merits of the proceeding.

Conclusion

OEB staff submits that Enbridge Gas has demonstrated that its requested order is in the public interest. The proposed depth of cover and plan to abandon the existing pipeline in place is consistent with the applicable standard. Essex County has provided no compelling reason for the OEB to require a variance to the leave to construct order. The County of Essex's proposed requirements would materially increase the cost of the Project and the disruption caused by the Project to no apparent benefit.

OEB staff submits that the OEB should grant Enbridge Gas the following relief:
(i) an order, pursuant to section 101 of the OEB Act, granting Enbridge Gas authorization to, within the County Road 46 right-of-way, construct a work upon, under or over a highway, utility line or ditch at a depth of cover of approximately 1m including abandoning the existing pipeline in place in accordance with the CSA- Z662-15 standard.

All of which is respectfully submitted.