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**BY E-MAIL**

November 10, 2020

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

Dear Ms. Long:

**Re: Enbridge Gas Inc. (Enbridge Gas)  
Application for London Lines Replacement Project Approval  
OEB File Number: EB-2020-0192**

In accordance with Procedural Order No. 1, please find attached OEB staff interrogatories in the above proceeding. The attached document has been forwarded to the applicant and to all other registered parties to this proceeding.

Yours truly,

*Original Signed By*

Zora Crnojacki  
Project Advisor, Natural Gas Applications

Encl.



# **OEB Staff Interrogatories**

**Application for London Lines Project Approval**

**EB-2020-0192**

**November 10, 2020**

1. Ref: Exhibit A, Tab 2, Schedule 2, page 1, Location of the Project and Exhibit B, Tab 1, Schedule 1, Proposed Facilities, page 19, paragraph 48

In addition to the replacement pipelines, the 90.5 km long Project includes a proposed new 6 inch diameter, 8.4 km long pipeline from the Strathroy Gate Station to a tie-in to the main pipeline at the intersection of Sutherland Road and Falconbridge Drive. According to Enbridge Gas the new pipeline provides a secondary feed from the Dawn to Parkway System via Strathroy Gate Station into the London Lines System. It "...provides the opportunity to install a smaller pipe size for the replacement, and provides operational flexibility in the future."

- a) Please explain in more detail the need for this pipeline and the rationale for including its cost in the application as part of the Project.
- b) What is the forecast capital cost of the new pipeline in relation to the total capital costs of the Project?
- c) How does the new 8.4 km pipeline from the Project impact the Project's design and capacity? Please indicate the incremental capacity that the Project would provide in both absolute and relative terms.

2. Ref: Exhibit B, Tab 2, Schedule 2, page 14: System Design Criteria for Replacement of the London Lines

If the Project is approved it will result in the abandonment of 135 km of the existing London Lines, comprised of the 60 km London South Line and 75 km London Dominion Line. The abandonment is planned to start in the spring of 2022.

- a) What are the applicable national and provincial regulatory standards and requirements that Enbridge Gas will have to follow for abandonment of the existing pipeline in place and for the removal of the sections of the existing pipeline from the ground?
- b) Please confirm that Enbridge Gas will comply with all the applicable national and provincial requirements related to the abandonment of the London Lines.
- c) Please describe any communication or consultation to date with the Technical Standards and Safety Authority (TSSA) regarding the abandonment of the London

Lines. Please file copies of any correspondence with the TSSA regarding this matter. What are the next steps in communicating with the TSSA regarding the abandonment methods and plans?

3. Ref: Exhibit B, Tab 1, Schedule 1, page 17, paragraph 44

Enbridge Gas stated that it will adhere to the abandonment clauses set in the permanent easement agreements and will seek input from the directly affected landowners regarding the abandonment of the pipeline on their properties. Enbridge Gas also indicated that it will follow the municipal franchise agreements for the abandonment of the pipelines in municipal road allowances.

- a) Please describe the nature of the abandonment clauses in the permanent easement agreements for the private properties where the abandonment will take place. What is Enbridge Gas's approach to consider these clauses when formulating the abandonment plans?
- b) With respect to the abandonment of the pipelines in the municipal road allowances, please describe the requirements set in the franchise agreements with the municipalities whose road allowances will be impacted. What is Enbridge Gas's approach to implementing the abandonment requirements set in these franchise agreements?

4. Ref: Exhibit E, Tab 1, Schedule 1, pages 1-2

The majority of the proposed Project will be located entirely within existing municipal road allowances in the County of Middlesex, the County of Lambton, the Township of Dawn-Euphemia, the Municipality of Southwest Middlesex, the Municipality of Strathroy-Caradoc and the Municipality of Middlesex Centre.

Enbridge Gas will need to acquire approximately 0.584 acres of permanent easement and 114.9 acres of temporary land use rights for construction and storage of topsoil.

Enbridge Gas proposes to purchase five fee simple land rights for new station sites and expansion of the existing stations.

Enbridge Gas filed the form of Temporary Land Use Agreement<sup>1</sup> and the form of Transfer of Easement Agreement<sup>2</sup> which, Enbridge Gas said, were approved by the OEB in previous pipeline projects.

- a) Please confirm whether the purchase of lands for new station sites required for the Project is now complete. If not, please provide an update on the negotiations with private landowners for the purchase of lands, including any concerns that have been expressed by landowners with respect to the proposed Project. Please comment on when Enbridge Gas expects these fee simple agreements to be executed.
- b) Please provide an update on the status of the permanent and temporary land use rights required for the Project, including any concerns that have been expressed by landowners.
- c) Please discuss any concerns that Enbridge Gas has with respect to obtaining any of the required land rights for the Project.
- d) Please provide the file numbers for the OEB decisions approving the forms of permanent and temporary agreements provided in this application.

5. Ref: Environmental Report, July 16,2020; Exhibit C, Tab 1, Schedule 1, page 2, paragraph 7, Exhibit C, Tab 2, Schedule 2: Summary of OPCC Comments, Environmental Report, 2.5 Input Received

Stantec Consulting Ltd (Stantec) completed an Environmental Report (ER), which assessed the existing bio-physical and socio-economic environment in the study area, the alternative routes, proposed the preferred route, conducted public consultation, conducted impacts assessment and proposed mitigation measures to minimize the impacts. The ER and the consultation process was conducted in accordance with the *OEB's Environmental Guidelines for Location, Construction and Operation of Hydrocarbon Pipelines in Ontario [7<sup>th</sup> Edition, 2016]* (OEB Environmental Guidelines).

On July 22, 2020, the ER was made available to the Ontario Pipeline Coordinating Committee (OPCC), local Conservation Authorities, and all affected municipalities for a review and comments.

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<sup>1</sup> Exhibit E, Tab 2, Schedule 3

<sup>2</sup> Exhibit E, Tab 2, Schedule 4

Public consultation was conducted through a Virtual Open House which replaced the typical in person open house events due to the Covid-19 pandemic restrictions. Twenty five public input comments were received as of July 2020.

- a) Please provide an updated summary of the comments, issues and concerns, along with Enbridge Gas actions and plans to address the concerns and resolve issues, expressed by:
  - i) members of the OPCC
  - ii) municipalities
  - iii) local Conservation Authorities
  - iv) public attending the Virtual Open House or through other consultation channels

6. Ref: Exhibit C, Tab 1, Schedule 1, page 2, paragraphs 11-12 and page 4, paragraph 14

Enbridge Gas will prepare the Environmental Protection Plan (EPP) for the Project. The EPP will incorporate the mitigation measures identified in the ER and received in the consultation with the OPCC and agencies. Enbridge Gas plans to complete the EPP prior to mobilization and construction of the Project.

- a) Please confirm that as part of the EPP process Enbridge Gas will develop site specific environmental management, monitoring and contingency plans in order to implement general mitigation and contingency measures identified in the ER and in the consultation process.

7. Ref: Environmental Report, Table 1-1: Summary of Potential Permits and Regulatory Requirements

The ER lists potential environmental permits and regulatory requirements by federal, provincial, municipal and other (i.e. Canadian National Railway, Hydro One Networks Inc.).

- a) Please provide the status of each permit/approval application and expected date of acquiring each of the permits. Provide a description of causes for potential delays that may affect construction schedule for the Project.

8. Ref: Environmental Report, section 3.4.9 Archaeological Resources and Exhibit C, Tab 1, Schedule 1, page 5, para 17

Enbridge Gas states that an archeological assessment (AA) Stage 1 has been completed for the entire route and the study area in accordance with the Ministry of Heritage, Sport, Tourism and Culture Industries (MHSTCI) *2011 Standards and Guidelines for Consultant Archaeologists* (Government of Ontario, 2011). The ER states that a copy of the completed Stage 1 AA report will be submitted to the MHSTCI for review and inclusion into the *Ontario Public Register of Archaeological Reports*. Stage 1 AA identified areas that have archaeological potential and require Stage 2 AA.

- a) Please provide details of the planned archaeological assessment, including the steps required to meet all the provincial requirements for the AA.
- b) Please provide an update on status of the MHSTCI's review of the Stage 1 AA and when Enbridge Gas expects a response from the MHSTCI with respect to the Stage 1 AA.
- c) Please provide the planned schedule for Enbridge Gas's Stage 2 AA, indicating if the Stage 2 AA field work is underway, when this will be completed and if Enbridge Gas has submitted its Stage 2 AA to the MHSTCI for review.
- d) Please indicate when Enbridge Gas anticipates a response from the MHSTCI with respect to the Stage 2 AA.
- e) Please indicate the timeline by which Enbridge Gas must receive archaeological assessment approval from the MHSTCI to start the Project on time.
- f) Please comment on the implications for the Project if Enbridge Gas is unable to receive approval from the MHSTCI before the timeline specified in part (e).

9. Ref: Exhibit C, Tab 5, Schedule 1, page 5, paragraph 18

As part of the environmental assessment for the Project, Stantec completed a checklist of the MHSTCI *Criteria for Evaluation Potential for Built Heritage Resources and Cultural Heritage Landscapes* for the study area. Enbridge Gas has committed to complete a *Cultural Heritage Evaluation Report* prior to construction and submit it to the MHSTCI for their review and comment.

- a) Please comment on the expected timeline for completion and filing with the MHSTCI of the Cultural Heritage Evaluation Report. When is the final review of the Cultural Heritage Evaluation Report expected to be completed by the MHSTCI?

10. Ref: Exhibit G, Tab 2, Schedule 1 and Schedule 2

In accordance with the OEB's Environmental Guidelines, Enbridge Gas contacted the Ministry of Energy Northern Development and Mines (MENDM) in respect to the Crown's duty to consult related to the Project on December 9, 2019. The MENDM by way of a letter delegated the procedural aspects of the Crown's Duty to Consult for the Project to Enbridge on February 26, 2020 (Delegation Letter).

In the Delegation Letter the MENDM identified six Indigenous communities that Enbridge Gas should consult in relation to the Project:

- Oneida Nations of the Thames
- Aamjiwnaang
- Caldwell
- Chippewas of Thames
- Chippewas of Kettle and Stony Point
- Bkejwanong (Walpole Island)

Enbridge Gas provided the MENDM with its Indigenous Consultation Report for the Project and requested that the MENDM determine if the procedural aspects of the duty to consult are acceptable. The Indigenous Consultation Report includes, for each of six Indigenous communities potentially affected by the Project, the record of consultation chronology, concerns expressed, Enbridge Gas responses to questions and concerns, and information on any outstanding concerns. The information in the Indigenous Consultation Report is current of August 31, 2020.

Enbridge Gas is awaiting a letter of opinion from the MENDM regarding the adequacy of procedural aspects of the duty to consult.

- a) Please provide an update on Indigenous consultation activities since August 31, 2020.
- b) Please summarize all the issues and concerns raised by the Indigenous communities in the process of Indigenous consultation to date and describe Enbridge Gas's plans,



actions and commitments to address these concerns and resolve the outstanding issues.

- c) Please update the evidence with any correspondence between the MENDM and Enbridge Gas after August 31, 2020, regarding the MENDM's review of Enbridge Gas's consultation activities.
- d) Please indicate when Enbridge Gas expects to receive a letter of opinion from the MENDM on the adequacy of procedural aspects of Indigenous consultation undertaken by Enbridge Gas for the London Lines Replacement Project.

11. Ref: Exhibit F, Tab 1, Schedule 1

Enbridge Gas has provided the following capital cost estimates for the proposed Project<sup>3</sup>:

London Line Replacement Project Total Estimated Project Capital Costs						
Line No.	Particulars (\$000's)	Mainline	Stations	Services	Abandonment (1)	Total
1	Materials	5,616	1,823	125	-	7,564
2	Construction and Labour	77,321	8,221	4,005	19,776	109,323
3	Contingencies	11,402	1,310	619	2,633	15,964
4	Interest During Construction	867	142	49	-	1,058
5	Estimated Incremental Project Capital Costs	95,206	11,496	4,798	22,409	133,909
6	Indirect Overhead	21,881	2,640	991	4,677	30,189
7	Total Estimated Project Capital Costs	117,087	14,136	5,789	27,086	164,098

Notes:

- (1) Abandonment costs will not be included in Enbridge Gas's ICM request for rate recovery.

Enbridge Gas is not seeking approval for the costs of the ancillary facilities (stations and services) in this application but stated it has shown these costs in the total Project cost estimates for completeness.

A Discounted Cash Flow (DCF) analysis report has not been completed for the Project. Enbridge Gas explained that the DCF was not completed because the Project is underpinned

<sup>3</sup> Exhibit F, Tab 1, Schedule 1, p 1

by the integrity requirements and will not create a significant change in capacity available on the London Lines.

Enbridge Gas expects the Project will meet the criteria for rate recovery during the deferred rebasing period through the use of the OEB's Incremental Capital Module (ICM) mechanism. The ICM request for the Project will form part of Phase 2 of Enbridge Gas's 2021 rates application.

Enbridge Gas stated that the abandonment costs, estimated at approximately \$27 million, will not be included in the ICM request for rate recovery.

- a) Please explain the rationale for not seeking approval for the costs of the ancillary facilities (stations and services) in this application. What is the mechanism for recovery of these costs?
- b) Please describe the mechanism for recovery of the abandonment costs estimated at approximately \$27 million and the rationale for not proposing to include these costs in the ICM request.
- c) Please provide costs of comparable projects that Enbridge Gas has completed in the past and that were approved by the OEB. Please provide a breakdown of the costs for these projects showing the following information: the work year; pipe size; length; estimated costs; estimated cost per meter; actual costs; actual costs per meter; and level of contingency (in percentage of total capital costs) .

12. Ref: Exhibit B, Tab 2, Schedule 2, pages 1-15; Exhibit B, Tab 2, Schedule 4, page 1; Enbridge Gas Inc., EB-2020-0091, Integrated Resource Planning Proposal, Additional Evidence, October 15, 2020, Exhibit B, page 31, paragraph 68

Enbridge Gas completed a study titled "System Design Criteria for the Replacement of London Lines" to assess six physical and one non-build alternatives to address the integrity risks and to provide for the forecast growth in demand of the London Lines System.

One of the six physical alternatives is the replacement of the existing London Lines with NPS 6 and NPS 4 pipelines at 3450 kPa, reducing the proportion of NPS 6 through supplemental Demand Side Management (DSM) (Alternative 5). The cost of Alternative 5 is estimated at \$130 million while the cost of the Proposed Project is estimated at \$132.9 million.

Enbridge Gas's rationale for rejecting Alternative 5 is that it: "Provides capacity to serve 2021 expected demand only, while also providing reliability of supply for emergency and operational scenarios. Savings on pipeline size reduction would be exhausted by less than 2 years of supplemental DSM programming, after which continued supplemental DSM spend or pipeline reinforcement would be required."<sup>4</sup>

Enbridge Gas noted that the OEB is currently holding a proceeding on the Integrated Resource Plan (IRP) Proposal<sup>5</sup>. The IRP Proposal includes the DSM and other programs that may be considered as part of alternatives to the pipeline projects. Enbridge Gas, in its updated IRP Proposal (EB-2020-0091), proposes that the Discounted Cash Flow (DCF) analysis method, consistent with principles underpinning the Board's Reports in E.B.O. 134 and E.B.O. 188, would be the basis for assessing the economic feasibility of IRP Alternatives (IRPA), including the DSM.

- a) Please explain in more detail the rationale for rejecting Alternative 5.
- b) Please provide a Discounted Cash Flow (DCF) analysis for both the Project and Alternative 5, comparing the economics of the Project with the economics of Alternative 5.

13. Ref: Exhibit B, Tab 2, Schedule 4, page 1 footnote 1

Enbridge Gas proposed in the IRP application (EB-202-0091) that the OEB consider, beside DSM, other IRP Alternatives such as demand response programs, enhanced targeted energy efficiency programs, compressed natural gas, and low-carbon and non-gas solutions.

- a) Please provide Enbridge Gas's rationale for not considering any additional IRP Alternatives as alternatives to the proposed Project, with the exception of Alternative 5.

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<sup>4</sup> Exhibit B, Tab 2, Schedule 5, page 1 of 1

<sup>5</sup> EB-2020-0091

14. Ref: Exhibit A, Tab 2, Schedule 1

Enbridge Gas has applied for leave to construct facilities under section 90(1) of the OEB Act.

- a) Please comment on the draft conditions of approval proposed by OEB staff. If Enbridge Gas does not agree with any of the draft conditions of approval, please identify the specific conditions that Enbridge Gas disagrees with. Explain the rationale for disagreement and for any proposed changes or amendments.

**Leave to Construct Application under  
Section 90 of the OEB Act**

**Enbridge Gas Inc.  
EB-2020-0192  
DRAFT  
Conditions of Approval**

- 1 Enbridge Gas Inc. (Enbridge Gas) shall construct the facilities and restore the land in accordance with the OEB's Decision and Order in EB-2020-0192 and these Conditions of Approval.
- 2 Enbridge Gas shall obtain all necessary approvals, permits, licences, certificates, agreements and rights required to construct, operate and maintain the Project.
- 3 Enbridge Gas shall implement all the recommendations of the Environmental Report filed in the proceeding, and implement all commitments made in response the Ontario Pipeline Coordinating Committee member review.
- 4 Enbridge Gas shall notify the OEB and all parties in this proceeding, prior to the start of construction, of completion of each of Environmental Protection Plan (EPP) Environmental Management Plan (EMP), and Contingency Plan documents and make a copy of the documents available to a party upon their request.
- 5 (a) Authorization for leave to construct shall terminate 12 months after the decision is issued, unless construction has commenced prior to that date.  
  
(b) Enbridge Gas shall give the OEB notice in writing of the following:

- i. The commencement of construction, at least ten days prior to the date construction commences
  - ii. The planned in-service date, at least ten days prior to the date the facilities go into service
  - iii. The date on which construction was completed, no later than 10 days following the completion of construction
  - iv. The in-service date, no later than 10 days after the facilities go into service
  
- 6 Enbridge Gas shall advise the OEB of any proposed change in the project, including but not limited to changes in: OEB-approved construction or restoration procedures, the proposed route, construction schedule and cost, the necessary environmental assessments and approvals, and all other approvals, permits, licences, certificates and rights required to construct the proposed facilities. Except in an emergency, Enbridge Gas shall not make any such change without prior notice to and written approval of the OEB. In the event of an emergency, the OEB shall be informed immediately after the fact.
  
- 7 Concurrent with the final monitoring report referred to in Condition 8(b), Enbridge Gas shall file a Post Construction Financial Report, which shall provide a variance analysis of project cost, schedule and scope compared to the estimates filed in this proceeding, including the extent to which the project contingency was utilized. Enbridge Gas shall also file a copy of the Post Construction Financial Report in the proceeding where the actual capital costs of the project are proposed to be included in rate base or any proceeding where Enbridge Gas proposes to start collecting revenues associated with the Project, whichever is earlier.
  
- 8 Both during and after construction, Enbridge Gas shall monitor the impacts of construction, and shall file with the OEB one paper copy and one electronic (searchable PDF) version of each of the following reports:
  - (a) A post construction report, within three months of the in-service date, which shall:
    - i. Provide a certification, by a senior executive of the company of Enbridge Gas's adherence to Condition 1
    - ii. Describe any impacts and outstanding concerns identified during

construction

- iii. Describe the actions taken or planned to be taken to prevent or mitigate any identified impacts of construction
  - iv. Include a log of all complaints received by Enbridge Gas, including the date/time the complaint was received, a description of the complaint, any actions taken to address the complaint, the rationale for taking such actions
  - v. Provide a certification, by a senior executive of the company, that the company has obtained all other approvals, permits, licences, and certificates required to construct, operate and maintain the proposed project
- (b) A final monitoring report, no later than fifteen months after the in-service date, or, where the deadline falls between December 1 and May 31, the following June 1, which shall:
- i. Provide certification, by a senior executive of the company, of Enbridge Gas's adherence to Condition 3
  - ii. Describe the condition of any rehabilitated land
  - iii. Describe the effectiveness of any such actions taken to prevent or mitigate any identified impacts of construction
  - iv. Include the results of analyses and monitoring programs and any recommendations arising therefrom
  - v. Include a log of all complaints received by Enbridge Gas, including the date/time the complaint was received, a description of the complaint, any actions taken to address the complaint, the rationale for taking such actions
- 9 Enbridge Gas shall designate one of its employees as project manager who will be responsible for the fulfillment of these conditions, and shall provide the employee's name and contact information to the OEB and to all the appropriate landowners, and shall clearly post the project manager's contact information in a prominent place at the construction site.

The OEB's designated representative for the purpose of these Conditions of Approval shall be the OEB's Manager of Natural Gas Applications (or the Manager of any OEB successor

department that oversees natural gas leave to construct applications).