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BY EMAIL

March 3, 2021

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

Dear Ms. Long:

**Re: Ontario Energy Board (OEB) Staff Submission
Enbridge Gas Inc. – 2021/22 Storage Enhancement Application
OEB File Number: EB-2020-0256**

Please find attached OEB staff's submission in the above referenced proceeding, pursuant to Procedural Order No. 1.

Yours truly,

Judith Fernandes
Project Advisor, Natural Gas Applications

Encl.

cc: All parties in EB-2020-0256



ONTARIO ENERGY BOARD

OEB Staff Submission

Enbridge Gas Inc.

2021/22 Storage Enhancement Project

EB-2020-0256

March 3, 2021

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INTRODUCTION

On November 13, 2020, Enbridge Gas Inc. (Enbridge Gas) filed an application seeking the Ontario Energy Board's (OEB) approval for its 2021/2022 Storage Enhancement Project (Project).

The Project is comprised of several components. As a result, Enbridge Gas made requests under various sections of the Ontario Energy Board Act, 1998 (OEB Act):

- (1) Leave to vary and/or increase the maximum operating pressure (MOP) of three storage pools (Pools) under section 38 of the OEB Act
- (2) A favourable report from the OEB to the Ministry of Natural Resource and Forestry (MNRF) for drilling an injection/withdrawal well under section 40 of the OEB Act
- (3) Leave to construct several gathering pipelines and ancillary facilities under section 90 of the OEB Act
- (4) Approval of the form of land agreements to be offered to affected landowners under section 97 of the OEB Act

OEB staff supports Enbridge Gas's application and request for a favourable Report subject to: (a) the conditions of approval proposed with respect to the request to vary/increase the MOP of the Pools; (2) the inclusion of OEB staff's proposed draft well drilling licence conditions in the OEB's report to MNRF as set out in Appendix A; and (3) the proposed conditions of approval for leave to construct, set out in Appendix B.

PROCESS AND STRUCTURE OF SUBMISSION

The application was filed on November 13, 2020. However, it was initially deemed incomplete because the letter from the MNRF referring the well drilling application to the OEB (referral letter) was not received. This letter was received on December 1, 2020. The OEB issued a Notice of Application on December 9, 2020. MNRF requested intervenor status.

On January 20, 2021, the OEB issued Procedural Order No. 1 granting MNRF intervenor status and provided for interrogatories and submissions on the application. MNRF and OEB staff filed written interrogatories on February 3, 2021. Enbridge Gas filed interrogatory responses on February 17, 2021.

Enbridge Gas requires approval for all components of the Project in order to meet

growing market demand for incremental storage space.

OEB staff's submission is structured to first address the following issues that are relevant to all components of the Project:

- Project Need
- Project Costs and Ratepayer Impact
- Land Matters
- Environmental Matters
- Indigenous Consultation

Next, the submission will address matters that relate to Enbridge Gas's request to increase the MOP of three storage pools and to drill a new well.

Lastly, the submission will address matters that relate specifically to Enbridge Gas's leave to construct request.

OVERVIEW OF THE PROJECT

The Project is the second phase of a larger project to increase deliverability and storage capacity of Enbridge Gas's storage facilities in order to meet growing market demand for incremental storage space. In the first phase, the OEB approved Enbridge Gas's request to increase the MOP of the Black Creek, Coveny and Wilkesport natural gas storage pools.¹

As part of this Project, Enbridge Gas plans to increase the MOP of the Ladysmith, Corunna and Seckerton storage pools which are designated storage areas as defined by the OEB Act and part of Enbridge Gas's storage operations.

Enbridge Gas seeks leave to vary the conditions of approval of a previous OEB decision which set a limit on the pressure gradient of the Ladysmith storage pool to 15.9 kPa/m (0.7 psi/ft)² in order to increase the MOP of this storage pool to a maximum pressure gradient of 16.5 kPa/m (0.73 psi/ft). Enbridge Gas also seeks approval to increase the MOP of the Corunna Storage Pool and the Seckerton Storage Pool to a maximum pressure gradient of 17.2 kPa/m (0.76 psi/ft). Enbridge Gas states that the Corunna and Seckerton Pools do not have conditions of approval limiting their pressure gradient similar to the Ladysmith Pool.

Enbridge Gas has applied to the MNRF to drill a horizontal gas storage well (TL 9H) in

¹ EB-2020-0074 Decision and Order

² E.B.L.O. 269, E.B.O. 212, 213, and E.B.R.M. 112, Appendix B.

the Ladysmith storage pool to increase the deliverability of that pool and seeks a favourable report from the OEB to the MNR to support the application to drill.

Enbridge Gas has also applied for leave to construct as it proposes to undertake the following construction activities:

- a) construct 2.2 kilometres of NPS 24 steel pipeline to connect the Payne Compressor Station to the Corunna Compressor Station
- b) construct approximately 70 metres of new NPS 10 steel pipeline to connect the proposed TL 9H well to the Ladysmith gathering lines
- c) upgrade approximately 200 metres of the existing Ladysmith NPS 16 gathering pipelines to NPS 20
- d) re-route approximately 150 metres of the NPS 20 Ladysmith transmission pipeline to connect the Payne pipeline and the Ladysmith pipeline within the existing Kimball-Payne Station
- e) modify the existing Payne-Kimball Station to route and control gas from the Ladysmith Storage Pool to the Dawn Compressor Station via the Payne Storage Pool pipeline
- f) undertake a crossover installation to route gas between the Dawn Compressor Station, the Corunna Compressor Station, the Payne Storage Pool and the Ladysmith Storage Pool which involves the installation of piping and valving between the two pipelines
- g) install a 16-inch bi-directional control valve, isolation valves and associated pipe and fittings within the Ladysmith Station as well as a NPS 20 filter/separator and a new NPS 16 receiver, along with associated pipe and fittings

OEB STAFF SUBMISSION

PROJECT NEED

Enbridge Gas stated that the Project is needed to increase the deliverability and storage capacity of the Pools in order to meet growing market demand for incremental storage space. As mentioned previously, the Project is the second phase of a larger project to increase deliverability and storage capacity of Enbridge Gas's storage facilities in order to meet growing market demand for incremental storage space. In the first phase, the OEB approved Enbridge Gas's request to increase the MOP of the Black Creek, Coveny and Wilkesport natural gas storage pools.³

Enbridge Gas stated that there is potential for additional storage enhancement projects beyond 2022 depending on demand and project suitability and provided a table reflecting future planned well drilling activities.⁴ Enbridge Gas stated that each phase includes the facilities required to create the deliverability associated with the storage capacity developed (i.e. a standard storage contract often includes 1.2% deliverability).

Enbridge Gas commented that the phased approach allowed time to complete technical studies, such as Environmental Screening Reports, including Species at Risk studies and Archaeological Assessments; Engineering Assessments, Geological Assessments; Neighbouring Activities Assessments and Risk Assessments. Enbridge Gas also stated that completing the work in phases minimizes the impact on operations, noting that it is only able to complete the necessary upgrades on a limited number of storage pools in a single year and maintain injectability.

The proposed pressure increase in the Pools will create an additional working capacity of 99,000 10³m³. Enbridge Gas will use this capacity to meet the

requirements of its unregulated storage service customers and will sell the capacity at market-based prices. OEB staff notes that Enbridge Gas's proposal is consistent with the OEB's decision in the Natural Gas Electricity Interface Review (NGEIR) which noted that ex-franchise customers have been acquiring storage at market-based rates for some time and found that the storage market for ex- franchise customers is sufficiently competitive to protect the public interest.⁵

In response to interrogatories, Enbridge commented that in the current storage year, it is currently fully contracted and has historically been fully contracted with respect to storage space and deliverability for ex-franchise customers. Enbridge stated in the most recent storage open season conducted, demand exceeded contracts awarded by a factor of 9.⁶ Based on this, OEB staff submits that there is demand for unregulated

³ EB-2020-0074 Decision and Order

⁴ Response to OEB Staff Interrogatory 3(b)

⁵ EB-2005-0551, NGEIR Decision issued November 7, 2006, page 71

⁶ Response to OEB staff interrogatory No. 1

storage and therefore the Project is needed. OEB staff is also satisfied that a phased-in approach for future additional storage enhancements projects appears to be appropriate as the phases would be discrete and allow for technical studies to be completed and maintaining storage injectability.

PROJECT COSTS AND RATEPAYER IMPACT

Enbridge Gas stated that the entire Project will form part of Enbridge Gas's unregulated storage operations and that all costs associated with the Project will be captured in the unregulated accounts. As a result, no costs of the Project will be charged to the regulated utility accounts.

OEB staff notes that since the NGEIR Decision, Enbridge Gas has not been required to file cost or economic information for unregulated storage projects.

OEB staff submits that it is appropriate that the Project costs be funded by Enbridge Gas's shareholders as the benefits will also accrue to the account of the shareholders. In response to an interrogatory, OEB staff understands that the Project costs would include direct and indirect costs which OEB staff considers appropriate. OEB staff also enquired about the potential effect on lost and unaccounted for gas (LUF) resulting from an increase in MOP. Enbridge Gas responded that there has been no indication to date that an increase in MOP and increased deliverability capability has caused any impact on LUF. Enbridge Gas stated that if it was determined that storage activities have resulted in an increase in LUF, those costs would be allocated between regulated and unregulated storage operations as per the OEB's Decision in the EB-2015-0114 proceeding.⁷ OEB staff is concerned about an allocation of any incremental LUF between regulated and unregulated storage operations as this would expose ratepayers to pay a portion of incremental LUF costs resulting from unregulated activities for which they do not share any benefits. OEB staff submits that the OEB should require Enbridge Gas to monitor and report back on the impact that increases in MOP and increased deliverability capability may have on LUF on all existing and new storage enhancement projects at the time of the next rebasing application and address the allocation of any incremental LUF costs to the regulated storage operations.

LAND MATTERS

Enbridge Gas requires certain lands for the Project and is in the process of obtaining the required land rights.

⁷ Responses to OEB Staff Interrogatory 3 d) and e)

Enbridge plans to construct a crossover installation to connect the Payne storage pool pipeline and the Ladysmith storage pool pipeline. Enbridge owns the property upon which the crossover installation will take place but states that there will be some minor pipe installation on private property which will require approximately 0.38 acres of permanent easement, a temporary land use agreement (TLU) and 0.7 acres of additional land to be purchased.

In response to interrogatories, Enbridge Gas confirmed that it had completed the land purchase and that negotiations are ongoing with the landowners for the required easement and TLU. Enbridge Gas states that the landowners will be compensated for use of the lands and any crop loss associated with the pipeline operations.

The proposed work on well TL 9H, station upgrade, bi-direction valve & station piping will impact a tenant farmer. Enbridge Gas has confirmed that the farmer has been notified of the Project and has not expressed any concerns. Enbridge Gas also stated that it has a license agreement with the farmer which provides Enbridge Gas with the right to use the lands for its operations, and to terminate the license at any time. Enbridge Gas has stated that the tenant farmer will be compensated for any crop loss associated with the pipeline operations.

There are five landowners impacted by the 2.2 km NPS 24 pipeline connecting the Payne storage pool to the Corunna Compressor Station. These landowners are represented by the Canadian Association of Energy and Pipeline Landowner Association (CAEPLA). Enbridge Gas is in ongoing discussions with CAEPLA. CAEPLA has suggested that the easement, TLU and Letter of Understanding Agreements as well as the compensation package that was used on the Panhandle Project should be used for the Project. Enbridge Gas stated that it is currently in the process of reviewing these documents internally. Enbridge Gas also stated that it has met with the affected landowners to discuss the Project and shared the plans and drawings. Enbridge Gas stated that once the CAEPLA negotiations are complete, it will offer the landowners the compensation package and easement/TLU agreements as negotiated with CAEPLA.

The Project will require construction equipment to cross under Hydro One Networks Inc. (Hydro One) transmission lines to access the site and the route will cross through a Hydro One easement. Enbridge Gas met with Hydro One on November 23, 2020 to discuss how the Project would impact Hydro One's infrastructure. Enbridge Gas submitted that while no issues or concerns were identified by Hydro One at this meeting, detailed drawings of Enbridge Gas's proposed works are being finalized and will be provided to Hydro One for their review to determine the approvals or agreements that will be required. Enbridge Gas stated that it will continue to work with Hydro One to secure necessary approvals or agreements prior to construction and does not anticipate any issues to securing such approvals or agreements.

Section 97 of the OEB Act provides that an approval under section 90 cannot be granted until the OEB is satisfied that an applicant has offered or will offer to each

owner of land affected by the approved route or location an agreement in a form approved by the OEB.

In response to interrogatories, Enbridge Gas confirmed that the forms of agreement proposed in the application have been previously approved by the OEB. In its response, Enbridge reiterated that it does not anticipate any difficulties with obtaining the required land rights and expects to obtain all land rights prior to construction.⁸

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. OEB staff submits that the forms of agreement proposed by Enbridge Gas should be approved as they are consistent with the forms of agreement previously approved by the OEB.

ENVIRONMENTAL MATTERS

Enbridge Gas retained AECOM Canada Limited (AECOM) to complete an environmental assessment of the Project, in accordance with the OEB's Environmental Guidelines.⁹

AECOM prepared an Environmental Report (ER) for the Project identifying the environmental and socio-economic features along the route of the proposed NPS 24 pipeline connecting the Payne Storage Pool to the Corunna Compressor Station. AECOM stated that with the implementation of the mitigation measures recommended in the ER and potential mitigation measures described in Section 4 of the ER, as well as 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.

Enbridge Gas stated that after the ER was completed, there were two changes to the scope of the project. First, the two new A-1 observation wells (TL 8 and TC 8) described in the ER are no longer included as part of the Project. Second, the existing Payne Storage Pool pipeline and Ladysmith Storage Pool pipeline were proposed to be connected at a new crossover station adjacent to the existing Payne/Kimball Station. Now, the two pipelines are proposed to be connected by re-routing the Ladysmith Storage Pool Pipeline into the Payne/Kimball Station. Enbridge Gas submitted that these scope changes do not affect the mitigation measures proposed in the ER as the two observation wells will be removed from the Project which reduces the scope and the proposed pipeline connection is located on land owned by Enbridge; therefore, the changes will not impact any new landowners.¹⁰

⁸ Response to OEB Staff Interrogatory 7, EB-2019-0188, Decision on North Bay Project

⁹ Environmental Guidelines for the Location, Construction and Operation of Hydrocarbon Pipelines in Ontario (7th edition), 2016

¹⁰ Response to OEB Staff Interrogatory 5

The ER was provided to the Ontario Pipeline Coordinating Committee (OPCC) and other agencies on October 5, 2020. Enbridge Gas received and responded to comments from the Ministry of the Environment, Conservation and Parks (MECP), Infrastructure Ontario (IO), and Hydro One.

As part of its interrogatory responses, Enbridge Gas provided an update on comments received as part of the OPCC review since the application was filed.

MECP provided a response to AECOM noting several Species at Risk (SAR) occurrences within the vicinity of the Project and recommended that species specific surveys be completed. MECP also noted that AECOM should submit a Preliminary Screening to MECP. Enbridge Gas advised that AECOM has noted MECP's response and reviewed the survey protocols provided by MECP stating that species specific surveys are planned when weather permits and that AECOM will complete the Preliminary Screening once the surveys are completed. Enbridge Gas stated it will adhere to any additional mitigation and avoidance measures recommended by AECOM resulting from future site investigations and also stated that if necessary, a permit or other authorization from the MECP will be obtained to ensure compliance with the *Endangered Species Act, 2007*.

With respect to work on the Project that is in the vicinity of Hydro One infrastructure, as outlined in the section on Land Matters, Enbridge Gas has stated that it will continue to work with Hydro One to secure necessary approvals or agreements.¹¹

A Stage 1 Archaeological Assessment (AA) for the Project was completed by AECOM and submitted for review to the Ministry of Heritage, Sport, Tourism and Cultural Industries (MHSTCI) on September 29, 2020. The AA determined that the potential for the recovery of both First Nation and Euro-Canadian archaeological resources within the current study area is high and based on these findings recommended a Stage 2 AA for all areas of potentially undisturbed land within the study area limits.

In responses to interrogatories, Enbridge Gas advised that it has submitted an initial Stage 2 AA to the MHSTCI on February 3, 2021 for the works in the vicinity of the Ladysmith Station, i.e. the upgrade of the existing gathering system at the Ladysmith Storage Pool from Nominal Pipe Size (NPS) 16 to NPS 20 and the connection of well TL9H to the gathering system. Enbridge Gas also noted that a second Stage 2 AA is required for the proposed Payne Storage Pool and Ladysmith Storage Pool pipeline connection and the proposed construction of 2.2 km of NPS 24 natural gas pipeline to connect the Payne Storage Pool to the Corunna Compressor Station. The Stage 2 AA for these works is expected to commence in the spring of 2021.

As part of its interrogatory response, Enbridge Gas advised that the MHSTCI has not reviewed the Stage 1 AA. Enbridge Gas submitted expedited review requests to

¹¹ Response to OEB Staff Interrogatory 5, Attachment 1

MHSTCI on February 3, 2021 requesting review of the Stage 1 AA and the first Stage 2 AA by March 12, 2021.¹²

OEB staff has no concerns with the environmental aspects of the Project, given that Enbridge Gas is committed to implementing the proposed mitigation measures. OEB staff submits that Enbridge Gas's compliance with the proposed conditions of approval in Appendix A and Appendix B will ensure that impacts of well drilling and pipeline construction are mitigated and monitored.

INDIGENOUS CONSULTATION

In accordance with the OEB's Environmental Guidelines, Enbridge Gas contacted the Ministry of Energy, Northern Development and Mines (MENDM) in respect of the Crown's duty to consult related to the Project on April 17, 2020. By a letter dated June 17, 2020 (Delegation Letter), the MENDM delegated the procedural aspects of the Crown's Duty to Consult for the Project to Enbridge Gas. In the Delegation Letter, the MENDM identified five Indigenous communities with which Enbridge Gas should consult in relation to the Project:

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

OEB staff submits that Enbridge Gas has provided the requested Indigenous Consultation Report and updated consultation summary tables as requested. However, MENDM has not yet provided its letter of opinion on the adequacy of that consultation.

In response to OEB staff's interrogatory on whether there have been any concerns or issues raised by Indigenous Communities in the process of consultation, Enbridge Gas stated that Walpole Island FN (WIFN) had advised that it filed a Statement of Claim on April 26, 2000 regarding a land claim in the proposed project area against the Governments of Canada and Ontario (Governments). WIFN is currently in a negotiation process with the Governments to address the matters listed in the Statement of Claim. Enbridge Gas also stated that WIFN has advised that until the Governments take positive steps to resolve the matter, they will not deem any project consultation within their asserted traditional territory to be adequate. Enbridge Gas has stated that it

¹² Response to OEB Staff Interrogatory No. 7

considers the issues set out in the Statement of Claim to be a government to government discussion and further stated that it respects the assertion of rights over the traditional territory and will continue to consult and engage with WIFN based on their asserted rights.¹³

OEB staff notes Enbridge Gas's commitment that it will continue to engage with WIFN and the other Indigenous communities regarding the Project through the project process and the lifecycle of the asset.

OEB staff submits that should the OEB grant approval for the Project, that an additional condition should be added such that the OEB's approval is conditional on Enbridge Gas filing with the OEB, a letter of opinion from the MENDM, prior to the start of construction. This has been done in similar situations in other decisions by the OEB.¹⁴

OEB staff proposes the following condition, to be included in the proposed licence conditions for the well drilling licence and in the proposed conditions of approval for the leave to construct request, in Appendix A and Appendix B, respectively:

Appendix A – Well Drilling Licence – Condition 6

Enbridge Gas shall file with the OEB, prior to the commencement of construction, a letter of opinion from the Ministry of Energy, Northern Development and Mines (MENDM) stating that the MENDM is satisfied with the adequacy of procedural aspects of the Indigenous consultation for the Project. The licence shall terminate if the letter of opinion is not filed within 12 months of the date of the Report of the Ontario Energy Board to the Minister of Natural Resources and Forestry.

Appendix B – Leave to Construct – Condition 3

Enbridge Gas shall file with the OEB, prior to the commencement of construction, a letter of opinion from the Ministry of Energy, Northern Development and Mines (MENDM) stating that the MENDM is satisfied with the adequacy of procedural aspects of the Indigenous consultation for the Project. Leave to construct shall terminate if the letter of opinion is not filed within 12 months of the date on this Decision and Order.

REQUEST TO INCREASE THE MOP OF THE POOLS

Enbridge Gas seeks OEB approval to increase the MOP of the Ladysmith storage pool to a maximum pressure gradient of 16.5 kPa/m (0.73 psi/ft) from the limit of 15.9 kPa/m

¹³ Response to OEB Staff Interrogatory 8(b)

¹⁴ EB-2017-0261 Decision on Scugog Island Community Expansion Project and EB-2020-0192 Decision on London Lines Replacement Project

(0.7 psi/ ft) set by a previous OEB decision.¹⁵ Enbridge Gas also seeks approval to increase the MOP of the Corunna and the Seckerton storage pools to a maximum pressure gradient of 17.2 kPa/m (0.76 psi/ft).

Enbridge Gas's request translates into an increase in pool pressure of approximately 530 kPa for the Ladysmith Pool, 820 kPa for the Corunna Pool and 810 kPa for the Seckerton Pool. Enbridge Gas states that these increases are within the limits prescribed by the Canadian Standards Association CSA Z341 standard (CSA Z341). Enbridge Gas has provided MNRF with the following reports on the Pools for their review: (i) "What If" Analysis and Operability Issues report (ii) A Neighbouring Assessment for each Pool (iii) Engineering studies confirming that the proposed operating pressure increase does not exceed the maximum safe operating pressure for the Pools.

In response to interrogatories, Enbridge Gas stated that the 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 16.5 kPa/m (0.73 psi/ft) or 17.2 kPa/m (0.76 psi/ft) for many years.

In its application, Enbridge Gas stated that it would accept a condition of approval similar to what the OEB set out in its approval of the increase to MOP of the Black Creek, Coveny and Wilkesport storage pools.¹⁶

OEB staff notes that should the OEB approve Enbridge Gas's request to increase the MOP of the Pools based on its assessment that the Project is needed, the OEB Act permits the OEB, when making an order, to "impose such conditions as it considers proper".¹⁷ OEB staff submits that the OEB should consider including the following condition as part of its approval:

Enbridge Gas Inc. shall not operate:

- (a) the Ladysmith natural gas storage pool above an operating pressure representing a pressure gradient of 16.5 kPa/m (0.73 psi/ft) of depth and
- (b) the Corunna and Seckerton natural gas storage pools above an operating pressure representing a pressure gradient of 17.2 kPa/m (0.76 psi/f) of depth without leave of the OEB.

OEB staff notes that the OEB typically requires, as a condition of approval, that the applicant comply with the relevant requirements of CSA Z341 to the satisfaction of the MNRF. OEB staff submits that it remains appropriate that, as a condition of approval, the OEB should require Enbridge Gas to comply with the relevant requirements of CSA

¹⁵ E.B.L.O. 269, E.B.O. 212, 213, and E.B.R.M. 112, Appendix B.

¹⁶ EB-2020-0074 Decision and Order

¹⁷ OEB Act, section 23

Z341 to the satisfaction of the MNRF.

In its response to interrogatories, Enbridge Gas confirmed that it does not have any objection to the OEB imposing a condition of approval that requires it to conform to the relevant requirements of CSA Z341 to the satisfaction of the MNRF. Enbridge Gas also stated that it will ensure that all safety and environmental issues are addressed, concerning the above-noted facilities and that it will comply with the Ontario *Oil, Gas and Salt Resources Act*, O. Reg. 245/97 and CSA Z341.¹⁸

WELL LICENCE APPLICATION

Enbridge Gas applied to MNRF to drill a horizontal gas storage well (TL 9H) in the Ladysmith storage pool to increase the deliverability of that pool by 33,000 GJ/day. Enbridge Gas seeks a favourable report from the OEB to the MNRF to support the application to drill.

The TL 9H well would be drilled within the same wellbore as the TL 9 stratigraphic test well that was approved by the OEB in EB-2019-0012 and for which a well licence was issued by the MNRF. Drilling of the TL 9H well is expected to occur from May to July 2021 when there will be no injection or withdrawal operations in the Ladysmith storage pool to avoid disruption to service from the pool and also when the reservoir pressure is less than 3,500kPa to allow the well to be safely drilled.

The MNRF is the provincial authority that ensures all of the relevant requirements of CSA Z341.1-14 for drilling, modifications, and operation of these wells are satisfied. Enbridge Gas stated that the following technical information was provided to MNRF on November 10, 2020 for the proposed drilling operation and for the proposed elevation of the maximum operating pressure of the Pools:

- a. Engineering studies completed by Geofirma confirming the maximum safe operating pressure of 16.5 kPa/m (0.73 psi/ft) for the Ladysmith Storage Pool and 17.2 kPa/m (0.76 psi/ft) for the Corunna and Seckerton Storage Pools. Enbridge Gas states that the approach used by Geofirma is consistent with previous studies completed for storage pools operated at elevated pressure gradients above 15.9 kPa/m (0.70 psi/ft).
- b. An Assessment of Neighbouring Activities for the Corunna Storage Pool, the Ladysmith Storage Pool and the Seckerton Storage Pool as prescribed by Clause 5.2 of CSA Z341.1-18, assessing: a) wells within 1 kilometre; b) operations within 5 kilometre and; c) the integrity of all wells penetrating the storage zone

¹⁸ Response to OEB staff interrogatory No. 4

c. “What If” Analysis of hazards and operability for each of the Pools

OEB staff supports Enbridge Gas’s request for a favourable Report on the licence application subject to the inclusion of OEB staff’s proposed draft well drilling licence conditions in the OEB’s report to MNRF. As part of its interrogatories, OEB staff proposed licence conditions with respect to the well licence. In its response, Enbridge Gas accepted all of the proposed conditions.¹⁹ Having reviewed Enbridge Gas’s responses to interrogatories, OEB staff proposes a second additional licence condition for the well licence, as set out in the next paragraph.

OEB staff understands that in order to ensure no disruption in gas supply and for safety reasons, the drilling of the TL 9H well is scheduled to take place when there will be no injection or withdrawal operations in the Ladysmith storage pool and when the reservoir pressure is less than 3,500kPa. Consequently, OEB staff notes that the well drilling construction activities are likely to take place at different times of the year as compared to construction of the gathering pipelines and other associated facilities. Given that Enbridge is still in the process of obtaining several approvals, permits and agreements that it requires for the construction of the Project, OEB staff proposes that the following condition of approval that is currently included in the proposed Leave to Construct conditions of approval be added to the proposed licence conditions for the well licence application:

Enbridge Gas shall obtain all necessary approvals, permits, licences, certificates, agreements and rights required to construct, operate and maintain the Project.

OEB staff submits that a favourable OEB Report, under subsection 40(1) of the Act, be provided to the MNRF, along with the recommended licence conditions attached as Appendix A of this submission, which includes the additional conditions proposed in this submission, i.e. requiring Enbridge Gas to obtain all necessary approvals, permits, rights etc. required for the construction of the Project and to file a letter of opinion from the MENDM prior to construction.

LEAVE TO CONSTRUCT

Enbridge Gas has proposed to construct several gathering pipelines and associated facilities as part of this Project that are required to accommodate the proposed increased pressure gradient and the incremental deliverability.

Enbridge Gas states that all design, installation and testing of the proposed pipelines will be in accordance with the requirements of Ontario Regulation 210/01 Oil and Gas Pipeline Systems (Regulation) under the *Technical Standards and Safety Act, 2000*.

¹⁹ Response to OEB Staff Interrogatory No. 18

This Regulation governs the installation of pipelines in Ontario. As well, the design will meet the requirements of CSA Z662 Standard for Oil and Gas Pipeline Systems in accordance with the Code Adoption Document under the Regulation.

As part of interrogatories, OEB staff proposed conditions of approval with respect to Enbridge Gas's leave to construct request. Enbridge Gas has agreed with the conditions proposed in response to OEB staff interrogatories.²⁰ OEB staff supports Enbridge Gas's application for leave to construct the gathering pipelines and associated facilities, subject to the proposed conditions of approval attached as Appendix B to this document, which includes the additional condition of approval proposed with respect to Enbridge Gas filing with the OEB, a letter of opinion from the MENDM, prior to the start of construction.

~All of which is respectfully submitted~

²⁰ Response to OEB Staff Interrogatory No. 19

Appendix A
OEB Staff Submission

Draft Licence Conditions

Well Drilling Licence

Application under Section 40 of the OEB Act**Enbridge Gas Inc. EB-2020-0256****DRAFT LICENCE CONDITIONS**

1. Enbridge Gas Inc. (Enbridge Gas) shall rely on the evidence filed with the OEB in the EB-2020-0256 proceeding and comply with applicable laws, regulations and codes pertaining to the construction of the proposed well.
2. The authority granted under this licence to Enbridge Gas is not transferable to another party without leave of the OEB. For the purpose of this condition another party is any party except Enbridge Gas.
3. Enbridge Gas shall construct the facilities and restore the land in accordance with its application and evidence given to the OEB, except as modified by this licence and these Conditions.
4. Enbridge Gas shall implement all the recommendations of the Environmental Report filed in the proceeding.
5. Enbridge Gas shall obtain all necessary approvals, permits, licences, certificates, agreements and rights required to construct, operate and maintain the Project.
6. Enbridge Gas shall file with the OEB, prior to the commencement of construction, a letter of opinion from the Ministry of Energy, Northern Development and Mines (MENDM) stating that the MENDM is satisfied with the adequacy of procedural aspects of the Indigenous consultation for the Project. The licence shall terminate if the letter of opinion is not filed within 12 months of the date of the Report of the Ontario Energy Board to the Minister of Natural Resources and Forestry.
7. Enbridge Gas shall ensure that the movement of equipment is carried out in compliance with all procedures filed with the OEB, and as follows:
 - a) Enbridge Gas shall make reasonable efforts to keep the affected landowner(s) as well as adjacent landowners and their respective tenant farmers, or their designated representatives, informed of its plans and construction activities.
 - b) The installation of facilities and construction shall be coordinated to minimize disruption of agricultural land and agricultural activities.
8. Enbridge Gas shall, subject to the recommendation by an independent tile contractor and subject to the landowner's approval, construct upstream and downstream drainage headers adjacent to the drilling area and access roads that cross existing

systematic drainage tiles, prior to the delivery of heavy equipment, so that continual drainage will be maintained.

9. Both during and after construction, Enbridge Gas shall monitor the impacts of construction, and shall file with the OEB 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 a certification, by a senior executive of the company, of Enbridge Gas's adherence to Condition 1
 - ii. Describe the condition of any rehabilitated land
 - iii. Describe the effectiveness of any actions taken to prevent or mitigate any identified impacts during 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
10. For the purposes of these conditions, conformity of Enbridge Gas:
 - a) With CSA Z341.1-18 "Storage of Hydrocarbons in Underground Formations" shall

be to the satisfaction of the Ministry of Natural Resources and Forestry (MNRF)

- b) With the requirements for wells as specified in the Oil, Gas and Salt Resources Act, its Regulation 245/97, and the Provincial Operating Standards v.2 shall be to the satisfaction of the MNRF

11. Enbridge Gas shall designate one of its employees as project manager who will be responsible for the fulfillment of these conditions, shall provide the employee's name and contact information to the MNRF, 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.

Appendix B
OEB Staff Submission

Draft Conditions of Approval

Leave to Construct

Application under Section 90 of the OEB Act**Enbridge Gas Inc. EB-2020-0256****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-2020-0256 and these Conditions of Approval.
2. (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:
 - i. of the commencement of construction, at least ten days prior to the date construction commences
 - ii. of the planned in-service date, at least ten days prior to the date the facilities go into service
 - iii. of the date on which construction was completed, no later than 10 days following the completion of construction
 - iv. of the in-service date, no later than 10 days after the facilities go into service
3. Enbridge Gas shall file with the OEB, prior to the commencement of construction, a letter of opinion from the Ministry of Energy, Northern Development and Mines (MENDM) stating that the MENDM is satisfied with the adequacy of procedural aspects of the Indigenous consultation for the Project. Leave to construct shall terminate if the letter of opinion is not filed within 12 months of the date on this Decision and Order.
4. Enbridge Gas shall obtain all necessary approvals, permits, licences, certificates, agreements and rights required to construct, operate and maintain the Project.
5. Enbridge Gas shall implement all the recommendations of the Environmental Report filed in the proceeding, and all the recommendations and directives identified by the Ontario Pipeline Coordinating Committee review.
6. Enbridge Gas shall advise the OEB of any proposed change to OEB-approved construction or restoration procedures. 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. Both during and after construction, Enbridge Gas shall monitor the impacts of construction, and shall file with the OEB 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, licenses, 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 a certification, by a senior executive of the company, of Enbridge Gas's adherence to Condition 5
 - ii. describe the condition of any rehabilitated land
 - iii. describe the effectiveness of any 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; and the rationale for taking such actions
8. 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.