



Asha Patel  
Technical Manager  
Regulatory Applications

tel 416-495-5642  
EGIRegulatoryProceedings@enbridge.com

Enbridge Gas Inc.  
500 Consumers Road  
North York, Ontario M2J 1P8  
Canada

March 15, 2021

**VIA EMAIL and RESS**

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

Dear Ms. Long:

**Re: Enbridge Gas Inc. (Enbridge Gas)  
Ontario Energy Board (OEB) File No.: EB-2020-0256  
2021/2022 Storage Enhancement Project  
Reply Submission**

---

In accordance with the OEB's Procedural Order No. 1 dated January 20, 2021, enclosed please find the Reply Submission of Enbridge Gas.

Should you have any questions concerning this submission please contact the undersigned.

Yours truly,

Asha Patel  
Technical Manager, Regulatory Applications

cc: Judith Fernandes, OEB (via email)  
James Sidlofsky, OEB (via email)  
EB-2020-0256 Intervenor (via email)

## ONTARIO ENERGY BOARD

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B; and in particular section 38(1) thereof;

**AND IN THE MATTER OF** an application by Enbridge Gas Inc. for an Order or Orders to vary the maximum operating pressure of certain gas storage pools and granting leave to construct for related gathering pipelines and ancillary facilities and for a favourable report to the Ministry of Natural Resources and Forestry to support a licence to drill a gas storage well.

## ENBRIDGE GAS INC. REPLY

1. In accordance with Procedural Order No. 1, these are the reply submissions of Enbridge Gas Inc. ("Enbridge Gas") to the submissions of Ontario Energy Board ("OEB") Staff and the Ministry of Natural Resources and Forestry ("MNRF").
2. Enbridge Gas is proposing several activities as part of its 2021/2022 Storage Enhancement Project ("Project"). As summarized by OEB Staff, Enbridge Gas is seeking the following from the Board ("Approvals") in relation to these activities:
  - a) Under section 38 of the *Ontario Energy Board Act, 1998* ("OEB Act"), leave to vary and/or increase the maximum operating pressure ("MOP") of the Ladysmith, Corunna and Seckerton pools in accordance with the pressure gradients set out in the table below:

Pool	Current Gradient	Proposed Gradient
Ladysmith	15.6 kPa/m 0.69 psi/ft	16.5 kPa/m 0.73 psi/ft
Corunna	15.8 kPa/m 0.7 psi/ft	17.2 kPa/m 0.76 psi/ft
Seckerton	15.8 kPa/m 0.7 psi/ft	17.2 kPa/m 0.76 psi/ft

To facilitate the increases in MOP, Enbridge Gas would need to upgrade a series of existing wellheads and install several new control valves and emergency shutdown (“ESD”) valves. Increasing the MOP of the storage pools will allow Enbridge Gas to store additional natural gas. The additional storage capacity created by the Project will be sold to third parties as part of the Enbridge Gas unregulated storage portfolio.

b) Under section 40 of the OEB Act, a favourable report to the MNRF to drill one horizontal injection/withdrawal gas storage well in the Ladysmith storage pool to increase the deliverability of the pool.

c) Under section 90 of the OEB Act, leave to construct several gathering pipelines and ancillary facilities as set out below:

- install approximately 70 metres of new NPS 10 steel pipeline to connect the proposed TL 9H well to the Ladysmith gathering lines;
- upgrade approximately 200 metres of the existing Ladysmith NPS 16 gathering pipelines to NPS 20;
- 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; and
- install 2.2 kilometres of NPS 24 steel pipeline to connect the Payne Compressor Station to the Corunna Compressor Station.

d) Under section 97 of the OEB Act, approval of the form of land agreements to be offered to affected landowners.

3. Enbridge Gas appreciates the thoroughness of the OEB Staff submissions in summarizing the evidence filed for each of the elements of the application (“Application”) and relies upon that summary, subject to the below comments.

## **Project Need and Conditions of Approval**

4. In its submissions, OEB Staff agrees based on the evidence filed that there is demand for unregulated storage and therefore the Project is needed. OEB Staff is also satisfied that a phased approach to future gas storage enhancement projects is appropriate. OEB Staff supports the Application subject to certain conditions of approval with respect to the request to vary and leave to construct and inclusion of proposed draft well drilling licence conditions in the OEB's report to MNRF.
5. OEB Staff submits that, as a condition of approval, the OEB should require that Enbridge Gas comply with the relevant requirements of the Canadian Standards Association Standard Z341.1-18 ("CSA Z341") to the satisfaction of the MNRF. The MNRF supports this condition of approval. Enbridge Gas confirms 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.
6. Additionally, OEB Staff and the MNRF support the condition of approval as proposed in the interrogatories and as accepted by Enbridge Gas in its interrogatory responses, specifically that:

*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.*

7. OEB Staff acknowledges Enbridge Gas's commitment to continue to engage with Walpole Island First Nation ("WIFN") and the other Indigenous communities however submits that should the OEB approve the Project it should propose a

condition for the well drilling licence and include a conditions of approval for the leave to construct as follows:

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.*

8. The MNRF similarly submits that outstanding authorizations and agreements should be obtained and filed with the OEB prior to construction, including a letter of opinion from the MENDM stating that it is satisfied with the adequacy of the procedural aspects of the Indigenous consultation. Otherwise, the MNRF submits that it has no objection to approval of the Application as proposed under

the OEB Act or of a favourable report being provided to the MNRF under s. 40 of the OEB Act with respect to the well licence application.

9. With respect to the favourable report to the MNRF for a well drilling licence for TL 9H, Enbridge Gas would like to bring to the OEB's attention that as part of the application process for EB-2019-0012, Indigenous consultation was undertaken for the drilling of TL9/TL9H.<sup>1</sup>
10. A sufficiency letter was obtained from the MENDM<sup>2</sup> stating that it was satisfied with the adequacy of the aspects of Indigenous consultation for the drilling to TL 9H. To confirm, extending the TL9 well horizontally for injection/withdrawal will result in no land impacts in addition to those occasioned by the initial drilling of the well.
11. As such Enbridge Gas submits that it has already complied, in EB-2019-0012, with the condition to obtain a letter of sufficiency from the MENDM stating that it is satisfied with the adequacy of the procedural aspects of the Indigenous consultation. For this reason, the OEB should not propose a condition to the well drilling licence for Enbridge to obtain a letter of sufficiency from the MENDM prior to the commencement of TL9H well construction activities.
12. For the proposed Indigenous consultation condition on leave to construct, Enbridge Gas respectfully requests revising the condition as follows:

*Enbridge Gas shall file with the OEB as soon as received 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.*

---

<sup>1</sup> Refer to EB-2019-0012 Exhibit G, Schedule 1, Tab 1 for consultation details.

<sup>2</sup> EB-2019-0012 Exhibit G, Schedule 1, Tab 1 Attachment 3. See also Attachment 1 to the same Exhibit for the project description provided to the MENDM.

13. This revision would make the condition more consistent with the similarly worded condition for the Scugog Island Community Expansion Project<sup>3</sup> and would avoid any potential conflicts with commencement of construction activities. It would also be similar to the standard general condition of approval that the applicant “shall obtain all necessary approvals, permits, licences, certificates, agreements and rights required to construct, operate and maintain the Project”, as proposed by OEB Staff for this Application and that Enbridge Gas accepts.
14. In the OEB's *Environmental Guidelines for the Location, Construction and Operation of Hydrocarbon Pipelines and Facilities in Ontario*, 7<sup>th</sup> edition 2016 (Guidelines), it contemplates the following:<sup>4</sup>

*Prior to the leave to construct record being closed by the OEB, the Ministry of Energy will provide a letter to the applicant expressing its view on the adequacy of the Indigenous consultation based on materials provided to the Ministry of Energy. It is noted that the consultation should start in the pre-application stage and is likely to continue during OEB's review of the application and in some cases may continue through the life of the project. The applicant is expected to file with the OEB the letter from the Ministry of Energy and keep the summary of the consultation record up to date until the OEB renders its decision.*

15. If a final or interim letter of opinion is not received from the MENDM prior to the close of the evidentiary record for the OEB proceeding, Enbridge Gas faces challenges about how and when to plan construction activities for the Project, despite having undertaken a number of activities to allow construction to proceed in accordance with project schedule set out in the evidence. This could be

---

<sup>3</sup> See EB-2017-0261, page 9.

<sup>4</sup> See page 18 of the Guidelines.

alleviated if the OEB were to impose a more open-ended condition as proposed above.

16. For this Project, Enbridge Gas understands that any concerns expressed by the consulted Indigenous communities are not of a nature that should delay construction. Enbridge Gas remains committed to continuing to work with the MENDM and to consulting with the affected Indigenous communities throughout the lifecycle of the Project.
17. Enbridge Gas developed a Project schedule that allows construction to occur in stages, the first of which is set to occur at the Ladysmith pool from May 1 to September 1, 2021.<sup>5</sup> During this time period the Ladysmith pool will be taken out of service and unavailable for operations. The Ladysmith pool must be returned to operation by September 1, 2021 to allow the pool to be filled by November 1, in time for winter withdrawal operations. It is estimated that upgrading of the Ladysmith gathering pipeline from NPS 16 to NPS 20 and the associated Ladysmith station upgrades will require the entire time period from May 1 to September 1, 2021 to complete.
18. The well drilling is scheduled to occur from May 31 to June 18, 2021 and will be followed by the installation of the lateral from the new well to the gathering pipeline from June 18 to July 5, 2021. The well must be drilled when the Ladysmith pool is at a low pressure to ensure safe drilling operations and the lateral must be installed when the pool is out of service and the pipelines are not in use.
12. Additional construction activities are scheduled to occur from March to September 2022, specifically the Ladysmith/Payne connection, and associated modifications to the Ladysmith transmission pipeline, and the Payne to Corunna Compressor Station NPS 24 pipeline.

---

<sup>5</sup> See Exhibit B, Schedule 1, Tab 1, Attachment 16.



19. OEB Staff proposes a standard condition of setting a sunset date for the section 90 Approvals of 12 months from the date of the OEB decision. Enbridge Gas requests that the OEB extend this date to 18 months from the date of the OEB decision, if required, as some activities are not planned to commence until 2022 as noted. Enbridge Gas also proposes to submit only one notice to the OEB for commencement of construction pursuant to OEB Staff's proposed condition 2(b)(i) unless the OEB indicates in its decision that it will require an additional notice of construction for 2022 Project activities.

### **Project Cost and Ratepayer Impact**

20. 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. However with respect to lost and unaccounted for gas ("LUF") as a result of increased MOP, 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.
21. Enbridge Gas submits that it will address the impact of increased MOP on LUF as part of its next rebasing application.

### **Other Matters**

22. OEB Staff has no outstanding concerns with respect to land matters, environmental matters and Indigenous consultations, subject to Enbridge Gas implementing the proposed mitigation and land consultation activities set out in the evidence. Enbridge Gas confirms it will do this. MNRF did not comment on these matters.

## **Summary**

23. Enbridge Gas submits that the proposed Project is required in order to meet growing demand for unregulated storage and that Enbridge Gas has met all of the OEB and MNRF requirements to date in this regard. Enbridge Gas therefore requests the OEB issue the Approvals for the Project, subject to the conditions proposed by OEB Staff revised in accordance with the Enbridge Gas comments above, at the earliest opportunity such that Enbridge Gas can meet the proposed in-service dates.

All of which is respectfully submitted, this 15<sup>th</sup> day of March 2021.

**ENBRIDGE GAS INC.**

---

**Asha Patel, Technical Manager**  
**Regulatory Applications**