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BY EMAIL

October 14, 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.
Application for the Corunna and Ladysmith Well Drilling Project
OEB File Number: EB-2021-0079**

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

Yours truly,

Judith Fernandes
Natural Gas Applications

Encl.

c: All parties in EB-2021-0079



ONTARIO ENERGY BOARD

OEB Staff Submission

Enbridge Gas Inc.

Corunna and Ladysmith Well Drilling Project

EB-2021-0079

October 14, 2021

Application Summary

On July 30, 2021, pursuant to section 40(1) of the *Ontario Energy Board Act, 1998* (OEB Act), Enbridge Gas Inc. (Enbridge Gas) requested from the Ontario Energy Board (OEB) a favourable report to the Minister of Natural Resources¹ (Minister). This report is in respect of Enbridge Gas's application to the Ministry of Northern Development, Mines, Natural Resources and Forestry (MNDMNRF) for licences to drill A-1 Carbonate Formation observation wells (A-1 Wells) within the designated storage area (DSA) in each of the Corunna Storage Pool (Well TC 8) and the Ladysmith Storage Pool (Well TL 8) (Project). The storage pools are located in Moore Township, in the Township of St. Clair, in the County of Lambton.

Under section 40(1) of the OEB Act, the Minister is required to refer to the OEB every application for a licence relating to a well in a DSA, and the OEB is required to report to the Minister on the application with the OEB's recommendation on whether a licence should be issued.

The OEB issued a Notice of Hearing on August 18, 2021. MNDMNRF and Claire and Helen Robbins (the Robbins) applied for intervenor status. No objection was received from Enbridge Gas. MNDMNRF and the Robbins were approved as intervenors. The Robbins were approved for cost award eligibility.

The OEB proceeded with a written hearing. Procedural Order No. 1, issued on September 10, 2021, set out a process for interrogatories and submissions. OEB staff filed interrogatories on September 20, 2021 and Enbridge Gas provided its responses on September 30, 2021.

OEB staff submits that the OEB should issue a favourable report to the Minister recommending the approval of the requested well drilling licences, subject to certain conditions of licence.

¹ Currently the Minister of Northern Development, Mines, Natural Resources and Forestry

OEB Staff Submission

Project Need

The wells are needed to assist in the continued safe and reliable operation of Enbridge Gas's storage facilities by monitoring natural gas content and pressure of each of the pools.

The Corunna and Ladysmith Storage Pools contain Guelph Formation observation wells that monitor the pressure in the Guelph reef formation where the gas is stored, but do not contain A-1 Wells. The A-1 Carbonate Formation (A-1 Formation) is adjacent to the Guelph reef and in many pools, can be a tighter secondary formation that forms part of the gas storage reservoir.

Enbridge Gas stated that based on regional geology, there is potential for gas to be moving between the Guelph Formation and the A-1 Formation. The A-1 Wells will be used to monitor this movement, and as a tool in storage pool material balance studies to supplement the information obtained from the Guelph observation wells. Enbridge Gas also stated that A-1 Wells can assist with explanations and potential adjustments to pool size and inventory by providing more accurate measurement of gas pressures in the A-1 Formation.

Enbridge Gas stated that it is not aware of any comparable alternative facility or non-facility solution that would enable it to monitor the actual movement of natural gas between the Guelph Formation and the A-1 Formation nor is it aware of any such solution that would provide the ancillary benefit of an A-1 well in terms of improving inventory management.

Enbridge Gas stated that the drilling of the A-1 Wells will not result in an increase in storage capacity or an increase in deliverability in either of the pools.

Based on Enbridge Gas's evidence, OEB staff submits that the Project is needed.

Project Costs and Ratepayer Impact

Enbridge Gas stated that Project will be funded entirely by Enbridge Gas's shareholders as an unregulated storage asset forming part of its unregulated storage operations. All costs associated with the Project will be captured in unregulated accounts. There will be no rate impact to Enbridge Gas's customers as a result of the Project.

OEB staff submits that it is appropriate that the Project costs be funded by Enbridge Gas's shareholders as Enbridge Gas stated that the Project benefits the unregulated business.

Project Schedule

At the time of filing its request for a favourable report, Enbridge Gas planned to drill the A-1 Wells in October 2021, when no injection or withdrawal operations were anticipated and the pressures of the impacted storage reservoirs would be below 5,500 kPa. Enbridge stated that for the drilling work to be done safely, it must occur outside of storage injection/withdrawal operational cycles during a period in which reservoirs are at a low pressure.

Enbridge Gas initially requested a favourable report from the OEB to the Minister by September 16, 2021 owing to the time required for site preparations, construction mobilization and drilling, to ensure that drilling could take place during October. Enbridge Gas stated that drilling needed to be completed by October 15, 2021, so that there would be no disruption to service from the storage pools. Otherwise, the Project would need to be deferred to 2022 following the close of storage withdrawal operations.

In response to OEB staff interrogatories, Enbridge Gas confirmed that it now expects to undertake the Project between May and July of 2022.

OEB staff has no issues or concerns with the revised schedule for the Project.

Environmental Matters

Enbridge Gas retained AECOM Canada Ltd. (AECOM) to undertake an environmental screening to identify potential environmental and socio-economic impacts associated with the project. The Environmental Report (ER) concluded that, with the implementation of the recommendations in the ER, ongoing landowner communication, and adherence to permit and regulatory requirements, the Project will be constructed in a manner that protects the environment and mitigates potential impacts.

AECOM completed Stage 1 and Stage 2 Archaeological Assessments (AA) for the Project and the reports were submitted to the Ministry of Heritage, Sport, Tourism and Cultural Industries (MHSTCI). The Stage 1 AA Report was screened by the MHSTCI and was accepted into the Ontario Public Register of Archaeological Reports on April 29, 2021.

The Stage 2 AA Report for Well TC 8 was submitted to the MHSTCI on June 28, 2021 and was accepted into the Ontario Register of Archaeological Reports on June 30, 2021. The Stage 2 AA survey for Well TL 8 identified one archaeological location containing 19th to 20th century Euro-Canadian artifact scatter that fulfills the criteria for further Stage 3 archaeological investigation.

Enbridge Gas initially indicated that the Stage 3 AA survey would be completed in the summer of 2021. However, in response to OEB staff interrogatories, Enbridge Gas

stated that given the ongoing negotiations with an impacted landowner (a third-party farmer), the Stage 3 AA has been delayed. As the Project construction is now deferred to 2022, Enbridge Gas has rescheduled the Stage 3 AA to take place in November 2021 and expects to receive a clearance letter from the MHSTCI in early 2022.²

OEB staff submits that Enbridge Gas's compliance with the proposed conditions of licence in Appendix A will ensure that impacts of well drilling are mitigated and monitored. More particularly, proposed Condition 5 requires Enbridge Gas to obtain all necessary approvals, permits, licences, certificates, agreements and rights required to construct, operate and maintain the proposed well.

Landowner Matters

The Project requires the construction of gravel pads and access lanes.

Enbridge Gas stated that its land agents have notified the parties directly impacted by the Project.

The impacted party for the drilling of Well TC 8 is a tenant farmer on land owned by Enbridge Gas at the Corunna DSA.

For the drilling of Well TL 8 in the Ladysmith DSA, the impacted parties are:

- A third party farmer (the Robbins)
- Township of St. Clair
- Infrastructure Ontario
- Hydro One Networks Inc. (Hydro One)

Enbridge Gas stated that it has a Gas Storage Lease which gives it legal rights to drill on the land owned by the Robbins and that negotiations with the Robbins are ongoing.

In addition, Enbridge Gas indicated the following land use requirements:

- An existing gravel road, owned by the Township of St. Clair that is being transferred to Enbridge Gas in order to allow access to the well site
- An easement from Infrastructure Ontario for a permanent gravel lane to be constructed that intersects with the gravel road owned by the Township of St. Clair
- An access road easement from Hydro One

In response to OEB staff interrogatories³, Enbridge Gas provided several updates:

² Response to OEB Staff Interrogatory 3

³ Response to OEB Staff Interrogatories 4 and 5

- Enbridge Gas provided a letter of support from the local tenant farmer impacted by Well TC 8.
- Enbridge Gas stated that the Robbins have outstanding concerns regarding the Project and as a result, negotiations are ongoing. Enbridge Gas provided a summary of the discussions and actions it has taken to date and measures it intends to undertake to address the Robbins' expressed concerns about the Project and stated that it is committed to continuing ongoing consultations with the Robbins to address any outstanding concerns in a reasonable manner.
- Enbridge Gas stated that it has offered to compensate the Robbins fairly and in a manner consistent with comparable projects and industry standards but the Robbins have indicated that they will not accept the offer. Enbridge Gas stated that it is optimistic that through ongoing negotiations it will be able to come to an agreement with the Robbins in advance of the commencement of Project construction in 2022.
- Enbridge Gas stated that it is in ongoing discussions with Infrastructure Ontario regarding the easement associated with the proposed permanent gravel lane. Infrastructure Ontario is in the process of completing its review of the easement request at this time. Enbridge Gas expects to have the easement in place in advance of the Project construction in 2022.
- Enbridge Gas confirmed that the transfer of the existing gravel road from St. Clair Township has been completed.
- Hydro One holds an easement that Enbridge Gas will cross for the purposes of constructing the Project. Enbridge Gas is seeking to obtain a Construction and Encroachment agreement from Hydro One and is in ongoing discussions with Hydro One. Enbridge Gas expects to have this agreement in place with Hydro One in advance of Project construction in 2022.

In a letter of comment, Mr. Gary Robbins (Gary Robbins) who has an adjacent property, expressed concern about the Project, stating that Enbridge Gas installed a new drain last year where the former swale and tile drain are located but it is proving insufficient to catch much of the water due to the significantly increased amount of runoff. Gary Robbins stated that the Enbridge Gas development has changed the grades and elevations and there are increasing amounts of water running off onto his property.

In response to OEB staff interrogatories on Gary Robbins' concerns⁴, Enbridge Gas stated that this issue does not relate in any way to the proposed Project or to the lands affected by the proposed Project.

Enbridge Gas noted that Gary Robbins filed a similar letter of comment with the OEB in the Ladysmith Storage Pool Well Drilling Project proceeding⁵ regarding the same drainage problem. Enbridge Gas stated that to address Gary Robbins' concerns at that time, it hired a drainage contractor to survey and rectify the problem by installing 360' of 6" tile in the naturally occurring low-lying area where ponding occurs.

Enbridge Gas further stated that on September 3, 2021, Gary Robbins phoned Enbridge Gas land agents to suggest that Enbridge Gas construct a swale along the western edge of the laneway to stop the water from flowing to the natural lower elevation (where the tile had been installed to address his drainage concerns) and into his property. Enbridge Gas stated that it has advised Gary Robbins that his concerns and suggestion would be considered.

Enbridge Gas stated that Well TL 8 is located on the opposite side of Courtright Line and will not affect the drainage on Gary Robbins' property.

OEB staff submits that based on Enbridge Gas's evidence and responses, it appears that Enbridge Gas is appropriately managing land related matters. OEB staff further submits that Enbridge Gas's compliance with the proposed conditions of licence in Appendix A will ensure that impacts of well drilling are mitigated and monitored.

Indigenous Consultation

Enbridge Gas provided the Ministry of Energy (MOE) with a project description on January 14, 2021. As part of its application, Enbridge Gas provided the MOE's response indicating that, as no leave to construct approval is required for the Project, the MOE had determined that the duty to consult was not triggered and thus, it would not be delegating the procedural aspects of consultation to Enbridge Gas for the Project.

OEB staff accepts Enbridge Gas's statements regarding Indigenous Consultation and this Project.

⁴ Response to OEB Staff Interrogatory 6

⁵ EB-2019-0012

Proposed Conditions of Licence

As part of its interrogatories, OEB staff proposed certain conditions of licence and requested Enbridge Gas to comment on these proposed conditions.

Enbridge Gas stated that it has no concerns with regard to the conditions proposed by OEB staff at this time.⁶

OEB staff submits that a favourable report should be provided to the Minister recommending the approval of the requested well drilling licences, subject to the proposed conditions of licence attached as Appendix A to this submission.

~All of which is respectfully submitted~

⁶ Response to OEB Staff Interrogatory 8

APPENDIX A

Corunna and Ladysmith Well Drilling Project

Enbridge Gas Inc.

EB-2021-0079

PROPOSED CONDITIONS OF LICENCE

1. Enbridge Gas Inc. (Enbridge Gas) shall rely on the evidence filed with the OEB in the EB-2021-0079 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. Prior to commencement of construction of the Proposed Well, Enbridge Gas shall obtain all necessary approvals, permits, licences, certificates, agreements and rights required to construct, operate and maintain the proposed well.
6. Enbridge Gas shall ensure that the movement of equipment is carried out in compliance with all procedures filed with the OEB, and as follows:
 - i. 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
 - ii. The installation of facilities and construction shall be coordinated to minimize disruption of agricultural land and agricultural activities.
7. 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.
8. 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
- 9. For the purposes of these conditions, Enbridge Gas shall conform with:
 - a) CSA Z341.1-18 "Storage of Hydrocarbons in Underground Formations" to the satisfaction of the Ministry of Northern Development, Mines, Natural Resources and Forestry (MNDMNRF)
 - b) 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 to the satisfaction of the MNDMNRF
- 10. Enbridge Gas shall designate one of its employees as project manager who will be the point of contact for these conditions, and shall provide the employee's name and contact information to the MNDMNRF, the OEB and to all affected landowners, and shall clearly post the project manager's contact information in a prominent place at the construction site.