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BY E-MAIL

December 3, 2021

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)
Application for Greenstone Pipeline Project Approval
OEB File Number: EB-2021-0205**

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 Greenstone Pipeline Project Approval

EB-2021-0205

December 3, 2021

ISSUE 1.0 NEED FOR THE PROJECT

1.2 Staff.1 Ref: Exhibit B, Tab 1, Schedule 1, pages 2-3

Enbridge Gas Inc. (Enbridge Gas) applied to the Ontario Energy Board (OEB) on September 10, 2021, under sections 90 and 97 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B), for an order granting leave to construct approximately 13 kilometres of natural gas pipeline and associated facilities in the Municipality of Greenstone. Enbridge Gas has entered into a contract with Greenstone Gold Mine LP (Greenstone Gold Mine) to provide natural gas service to the Greenstone Gold Mine Project, an open pit gold mine located near Geraldton, in the Municipality of Greenstone (Project). Enbridge Gas has also applied to the OEB for approval of the form of land-use agreements it offers to landowners for the routing and construction of the Project.

Enbridge Gas stated that the primary driver for the Project is to provide natural gas service to the Greenstone Gold Mine. Enbridge Gas noted that this Project is designed to meet the need of the Greenstone Gold Mine and does not provide capacity for future growth in the area. The natural gas service delivered by the Project would be used for Greenstone Gold Mine gas-fired power generation to operate their facilities, as well as to provide process and building heat.

Enbridge Gas indicated that the existing natural gas infrastructure in Geraldton does not have the capacity or designed specification to accommodate the pressure required to support the demand of the Greenstone Gold Mine. Enbridge Gas identified the Project in the Asset Management Plan, filed in the 2021 Rates proceeding¹.

- a) On what basis did Enbridge Gas determine that there is no need to provide additional capacity for future growth in the area?
- b) Please describe any consultation, community outreach or market survey undertaken by Enbridge Gas to examine interest for expansion of natural gas distribution service to the Municipality of Greenstone and specifically Geraldton as part of the Greenstone Pipeline Project planning.

¹ EB-2020-0181, Exhibit C, Tab 2, Schedule 1, p 381

1.2 Staff.2 Ref: Exhibit E, Tab 1, Schedule 1, Table 3

Enbridge Gas expects to acquire permits and approvals for the Project by January 2022 and OEB's s. 90 approval by February 2022. Survey, land acquisition and design were planned to start in September 2021 and be completed by January 2022. The construction is planned to start in March 2022 with completion by December 2022 with an expected in-service date of March 2023. The proposed schedule is outlined in the table below.

Table 3: Proposed Construction Schedule

Survey, Lands Acquisition, Design Completion	September 2021 to January 2022
Receipt of Permits and Approvals	January 2022
Expected LTC Approval	February 2022
Commence Construction	March 2022
Completion of Construction	December 2022
Expected In-service	March 2023
Final Restoration and Inspection	May 2023 to June 2023

- a) Please explain in detail the activities that will have to take place between December 2022 and expected in-service date of March 2023.
- b) What is Enbridge Gas's risk management approach to anticipated and unanticipated delays in each of the project schedule phases in order to meet the expected in-service date? Please discuss risk management method and factors for each of the project phases identified in Table 3 above.

ISSUE 2.0: PROJECT ALTERNATIVES

2.2 Staff.3 Ref: Exhibit C, Tab 1, Schedule 1, page 1, paragraph 1, paragraph 2

Enbridge Gas submitted that because the Project is driven entirely by the Contract to deliver natural gas for operation of the gold mine, the Project is the only viable option to provide for the contracted demand. No other alternatives to the Project were considered. Enbridge Gas assessed viability of Integrated Resource Planning (IRP) alternative to providing built capacity to deliver gas. IRP alternative was rejected on the basis that this project belongs to "customer-specific builds" category.

Enbridge Gas has applied the Binary Screening Criteria approved by the OEB and concluded that the need for the Project "...does not warrant further IRP consideration...". Enbridge Gas noted that the Project meets the definition of a "customer-specific" project in the IRP Framework approved by the OEB:

Customer-Specific Builds – If an identified system need has been underpinned by a specific customer's (or group of customers') clear request for a facility project and either the choice to pay a Contribution in Aid of Construction or to contract for long-term firm services delivered by such facilities, then an IRP evaluation is not required.²

- a) Did Enbridge Gas have any discussion with the customer regarding demand-side management opportunities that could potentially reduce the size of the build, as the IRP Framework encourages Enbridge Gas to do? Please discuss.

ISSUE 3.0: PROJECT COSTS AND ECONOMICS

3.1 Staff.4 Ref: Exhibit D, Tab 1, Schedule 1, page 1, Table 1: Estimated Project Costs; Exhibit D, Tab 1, Schedule 1, pages 1- 2, paragraphs 2,3,4; Exhibit D, Tab 1, Schedule 1, pages 2-3, paragraphs 3-7: Economics and Exhibit D, Tab 1, Schedule 4, Discounted Cash Flow (DCF) Analysis

Total estimated costs for the Project is \$25.8 M, consisting of \$23.0 M pipeline costs and \$2.7 M of ancillary facilities costs. The CIAC is set at \$20.3 M and the contract provides for a true up once the actual costs are incurred. Below is the itemized information on estimated costs for the pipeline, ancillary facilities and totals. The table indicated net project costs estimated at \$5,523,788.

² EB-2020-0091, Decision and Order, July 22, 2021, Appendix A

Table 1: Estimated Project Costs

<u>Item No.</u>	<u>Description</u>	<u>Pipeline Costs</u>	<u>Ancillary Costs</u>	<u>Total Costs</u>
1.0	Material Costs	\$1,531,100	\$436,000	\$1,967,100
2.0	Labour Costs	\$14,566,254	\$1,631,349	\$16,197,603
3.0	External Permitting, Land	\$82,230	\$0	\$82,230
4.0	Outside Services	\$2,958,207	\$227,500	\$3,185,707
5.0	Direct Overheads	\$133,718	\$0	\$133,718
6.0	Contingency Costs	<u>\$2,783,683</u>	<u>\$331,481</u>	<u>\$3,115,164</u>
7.0	Direct Capital Cost	\$22,055,192	\$2,626,330	\$24,681,522
8.0	Indirect Overheads	\$781,169	\$93,021	\$874,190
9.0	Company Loadings & Interest During Construction	<u>\$198,446</u>	<u>\$23,631</u>	<u>\$222,077</u>
10.0	Total Project Costs	\$23,034,807	\$2,742,982	\$25,777,789
11.0	Less: CIAC	<u>\$(18,098,798)</u>	<u>\$(2,155,203)</u>	<u>\$(20,254,001)</u>
12.0	Net Project Cost	<u>\$4,936,009</u>	<u>\$587,779</u>	<u>\$5,523,788</u>

Enbridge Gas's Discounted Cash Flow (DCF) analysis in the evidence indicates that the Project is economically feasible with the Profitability Index (PI) 1.0 and Net Present Value of zero. The DCF is based on gross capital, without indirect overheads. According to the DCF total gross capital is estimated at \$24.9 M less \$20.3 M of CIAC resulting in the net investment of \$4.6 M. Enbridge Gas pointed out that the Contract provides for true up of the CIAC after the actual final Project costs are incurred. Enbridge Gas stated that other ratepayers will bear no costs for the Project.

- a) Please discuss and explain Enbridge Gas's proposed recovery of the net Project cost of \$5,523,788?

ISSUE 4.0: ENVIRONMENTAL IMPACTS

4.1 Staff.5 Ref: Exhibit F, Tab 1, Schedule 1, pages 1-5

Enbridge Gas retained Stantec Consulting Ltd (Stantec) to complete an *Environmental Report: Greenstone Pipeline Project* (August 9, 2021) (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 were conducted in accordance with the *OEB's Environmental Guidelines for Location, Construction and Operation of Hydrocarbon Pipelines in Ontario [7th Edition, 2016]* (OEB Environmental Guidelines).

Consultation process during the ER development included the Ontario Pipeline Coordinating Committee (OPCC) members, municipal officials, and Indigenous groups. On August 10, 2021 Stantec distributed for review and comments the ER for the Project asking for the comments by September 20, 2021. The records of consultation are part of the ER. Enbridge Gas filed updated consultation record on October 18, 2021³.

- a) Please provide updates on stakeholders consultation logs, including the OPCC, since filing the updated consultation record on October 18, 2021.
- b) Describe any outstanding issues or concerns identified during the consultation?
- c) Describe the measures with the timeline Enbridge Gas's plans to undertake to address these issues and concerns.

4.1 Staff.6 Ref: Exhibit F, Tab 1, Schedule 1, pages 3-4, paragraphs 10-12

Enbridge Gas stated it would prepare the Environmental Protection Plans (EPP) for the Project. The EPP will incorporate the mitigation measures identified in the ER and received in the consultation with the OPCC and regulatory 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

³ Evidence Exhibit F, Tab 1, Schedule 1, Attachment 2

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.

4.1 Staff.7 Ref: Exhibit F, Tab 1, Schedule 1, pages 4-5, paragraphs 15-16

Stantec completed archeological assessment (AA) Stage 1 in accordance with the Ministry of Heritage, Sport, Tourism and Culture Industries (MHSTCI) *2011 Standards and Guidelines for Consultant Archaeologists* (Government of Ontario, 2011). Stage 1 AA Report was submitted on July 12, 2018, to the MHSTCI. It was entered into the *Ontario Public Register of Archaeological Reports* on November 16, 2018. The Stage 2 AA Report, completed by Stantec was submitted to the MHSTCI on December 18, 2019, and was entered into the *Ontario Public Register of Archaeological Reports* on January 17, 2020. Both Stage 1 AA and Stage 2 AA reports are filed in the evidence.

- a) Please update the status of the MHSTCI's review of the Stage 1 AA and Stage 2 AA reports for the Project and the date when Enbridge Gas expects clearance letters from the MHSTCI with respect to the Stage 1 AA and Stage 2 AA.
- b) Please confirm that Enbridge Gas would file with the OEB clearance letters for Stage 1 AA and Stage 2 AA as soon as received from the MHSTCI.
- c) Please indicate the timeline by which Enbridge Gas must receive archaeological assessment approval from the MHSTCI to start the Project construction according to the schedule.

ISSUE 5.0: ROUTE MAP AND FORM OF LANDOWNER AGREEMENTS

5.1 Staff.8 Ref: Exhibit G, Tab 1, Schedule 1, pages 1-3; Exhibit G, Tab 1, Schedule 1, Attachment 5 pages 1-3

Enbridge Gas stated that most of the proposed pipeline will be located within existing road allowances.

Regarding permanent easement rights, Enbridge Gas said that the only permanent easement is required from Greenstone Gold Mines GP Inc.

Regarding temporary easement rights, Enbridge Gas stated that it has not determined the locations where the temporary working areas would be needed. Enbridge Gas submitted that these locations would be identified during construction in collaboration with the contractor.

The above statements need clarification as Enbridge Gas filed with the application a listing of "...the directly impacted landowners from whom a permanent or temporary land right is needed." This listing includes more than one location where permanent land rights are needed. The listing also specifies the ownership, type of easement, location and dimensions of permanent and temporary land rights requirements.

- a) Referring to the information Attachment 5 to the Exhibit G, Tab 1, Schedule 1, please indicate if all of the listed permanent and temporary easements will have to be acquired for the location and construction of the Project. Please discuss.

5.1 Staff.9 Ref: Exhibit G, Tab 1, Schedule 1, Attachment 1, Attachment 2,
Attachment 3, Attachment 4

Enbridge Gas filed permanent easement form (Pipeline Easement) without an indication if this form has been previously approved by the OEB.

Enbridge Gas filed the form of Temporary Land Use Agreement it would offer to all the landowners of land where temporary working space rights are required.

With respect to the form of Temporary Land Use Agreement, Enbridge Gas noted that the filed form has been previously approved by the OEB in Enbridge Gas's 2021/2022 Storage Enhancement Project (EB-2020-0256). Enbridge Gas indicated it modified the approved form and filed the comparison forms to show the changes. The changes have been marked and filed for comparison purpose.

- a) Please confirm that the form of permanent pipeline easement filed on the record will or has been offered to the affected landowners.

- b) Please confirm that the filed form of the permanent easement has not been previously approved by the OEB. Please discuss any material differences between the form of permanent easement filed in this application versus the form of permanent easements in other proceedings before the OEB.

5.1 Staff.10 Ref: Exhibit G, Tab 1, Schedule 1, pages 1-2, paragraphs 4,5,6,7

Enbridge Gas identified in its application the entities that would require approvals, permits and land easements for location, construction and operation of the Project. Enbridge Gas stated that all the permits and agreements required for the Project would be acquired prior to the commencement of construction.

- a) Please provide listings of permits and agreements organized by provincial, municipal, federal authorities and other entities as applicable.
- b) For each permit and approval needed please provide the status and anticipated time of acquiring each permit/approval.
- c) Discuss any anticipated potential delays that may affect construction schedule for the Project.

ISSUE 6.0 INDIGENOUS CONSULTATION

6.1 Staff.11 Ref: Evidence, Exhibit H, Tab 1, Schedule 1, Attachment 7, pages 1-118

In accordance with the OEB's Environmental Guidelines, Enbridge Gas contacted on October 30, 2019 the Ministry of Northern Development and Mines⁴ (MENDM) in respect to the Crown's duty to consult related to the Project. The MENDM by way of a letter delegated the procedural aspects of the Crown's duty to consult for the Project to Enbridge Gas on January 30, 2019 (Delegation Letter). In the Delegation Letter the MENDM identified the following Indigenous communities that Enbridge Gas should consult in relation to the Project:

⁴ On June 18, 2021 Ontario government changed the name of the Ministry of Energy Northern Development and Mines to Ministry of Northern Development, Mines Natural Resources and Forestry (MNDMNR)

- Ginoogaming First Nation
- Aroland First Nation
- Long Lake No. 58 First Nation
- Animbiigoo Zaagi'igan Anishinaabek (AZA)
- Biinjitiwaabik Zaagi'igan Anishinaabek (BZA)
- Greenstone Metis Council (GMC)
- Red Sky Metis Independent Nation (RSMIN)

Enbridge Gas re-submitted the Project description to the MENDM on May 10, 2021 indicating a new in service date and updating the Project description. On June 4, 2021 the MENDM found that the Project presented on May 10, 2021 is not materially substantially different from the project it previously reviewed in 2019. Subsequently, Enbridge Gas filed, on September 10, 2021, the updated Indigenous Consultation Report (ICR) to the Ministry of Energy.

According to Enbridge Gas, the Ministry of Energy has not yet issued to Enbridge Gas a letter of opinion on adequacy and sufficiency of procedural aspects of Indigenous consultation (Sufficiency Letter).

- a) Please update the logs on Indigenous consultation activities since September 10, 2021. Please summarize any issues and concerns raised since September 10, 2021.
- b) If any issues were raised, please 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 Ministry of Energy and Enbridge Gas, after September 10, 2021, regarding the Ministry of Energy's review of Enbridge Gas's Indigenous consultation activities.
- d) Is there any indication as when a Sufficiency Letter may be issued by the Ministry of Energy? Please discuss.

ISSUE 7.0 CONDITIONS OF APPROVAL

7.1 Staff.12 Ref: Exhibit A, Tab 2, Schedule 1

Enbridge Gas has applied for leave to construct facilities under section 90(1) of the OEB Act. The OEB's standard conditions of approval for section 90 applications are provided below.

Enbridge Gas in its application asked that the OEB modify condition 2(a)(i) in the OEB's Standard Conditions of Approval for leave to construct applications. Enbridge Gas requested that the minimum notice period for commencement of construction, set out in 2(a)(i) of the Standard Conditions of Approval, be at least 5 days prior to the commencement of construction instead of 10 days.

- a) Regarding requested modification of the condition 2(a)(i), please explain the rationale for reducing the minimum notice period for commencement of construction to 5 days.
- b) Please comment on the standard conditions of approval. If Enbridge Gas does not agree with any of the standard conditions of approval, please identify the specific conditions that Enbridge Gas disagrees with. Please specify any changes, amendments or additional conditions to the standard conditions. Explain the rationale for any proposed changes or amendments.

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

**Enbridge Gas Inc.
EB-2021-0205
DRAFT
Standard Conditions of Approval**

- 1. Enbridge Gas Inc. shall construct the facilities and restore the land in accordance with the OEB's Decision and Order in EB-2021-0205 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 Inc. shall give the OEB notice in writing:
 - i. of the commencement of construction, at least 10 days prior to the date construction commences
 - ii. of the planned in-service date, at least 10 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 Inc. shall obtain all necessary approvals, permits, licences, certificates, agreements and rights required to construct, operate and maintain the Project.
- 4. Enbridge Gas Inc. 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.
- 5. Enbridge Gas Inc. shall advise the OEB of any proposed change to OEB-approved construction or restoration procedures. Except in an emergency, Enbridge Gas Inc. 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.
- 6. Concurrent with the final monitoring report referred to in Condition 7(b), Enbridge Gas Inc. 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 Inc. 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 Inc. proposes to start collecting revenues associated with the Project, whichever is earlier. Both during and after construction, Enbridge Gas Inc. 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 Inc. 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 Inc., 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 Inc. adherence to Condition 4
 - 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 Inc., 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
- 7. Enbridge Gas Inc. shall designate one of their 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 OEB and to all affected landowners, and shall clearly post the project manager's contact information in a prominent place at the construction site.