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BY RESS AND EMAIL

January 14, 2022

Ms. Christine Long
Registrar
Ontario Energy Board
2300 Yonge Street, Suite 2700, P.O. Box 2319
Toronto, Ontario M4P 1E4

Dear Ms. Long:

Re: EB-2021-0205 – Enbridge Gas Inc. – Greenstone Pipeline Project

I am writing on behalf of Environmental Defence to provide submissions in the above matter.

Enbridge is seeking approval to construct a pipeline to serve Greenstone Gold Mines LP ("Greenstone Gold"). Environmental Defence has two comments directly related to the OEB's mandate to protect the interest of ratepayers:

1. Enbridge should secure firm financial guarantees with the parent companies to protect ratepayers in the event that the mine closes before the 10-year period over which the pipeline costs are to be recouped through rates; and

2. It is too late for integrated resource planning ("IRP") in this case, but additional IRP consideration should occur in future cases to comply with the OEB's decision in the IRP Framework proceeding.

Environmental Defence has broader concerns regarding the expansion of fossil fuel infrastructure that is inconsistent with Canada's net-zero commitments, and the province-wide financial risks this poses for ratepayers. However, these broader concerns are beyond the scope of this specific proceeding. Therefore, Environmental Defence is not asking the OEB to reject this application and is instead restricting these submissions to the above two comments directly related to this specific project in isolation and the Board's mandate to protect ratepayers with respect to prices. More details on these comments are provided below.

Appropriate financial guarantees are needed

Enbridge should secure firm financial guarantees with the parent companies to protect ratepayers in the event that the mine closes before the 10-year period over which the pipeline costs are to be recouped through rates. To ensure that existing ratepayers do not pay for this project, the mine must pay approximately $789,000 in distribution charges each year from 2023 to 2033, totalling

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$7.8 million.[1] This is in addition to the up-front contribution in aid of construction ("CIAC"). However, Enbridge has not secured financial guarantees from the parent companies for these amounts.[2]

This project involves a number of uncertainties that are beyond the control of Enbridge. According to the discounted cash flow ("DCF") analysis, net costs are to be paid through distribution revenues by Greenstone Gold over a period of 10 years up until 2033.[3] At the same time, Greenstone Gold proposes to operate the mine over a period of approximately 15 years,[4] which is only a five-year difference between the time in which the pipeline will be paid off and the operational period of the mine itself. During that time, it is possible that the market conditions for gold may change or the mine could prove to have less minerals than projected. In the event that Greenstone Gold defaults on payments due to, for instance, a closure of the mine or even bankruptcy, ratepayers could end up footing the bill if financial guarantees are still not in place.

Greenstone Gold is a subsidiary of Equinox Gold and Orion Mine Finance. As it stands, the subsidiary and the mine could close without Enbridge having recourse to those parent companies.[5]

Environmental Defence hopes that in its reply submissions Enbridge will confirm that it will secure firm guarantees from the parent companies. If these financial guarantees are not secured, Enbridge should take responsibility for any future shortfall in revenue related to this project.

Too late for IRP

It is too late for integrated resource planning ("IRP") in this case, but additional IRP consideration should occur in future cases to comply with the OEB decision in the IRP Framework proceeding. Although customer-specific builds do not require the standard full IRP evaluation, the OEB has not relieved Enbridge of all obligations to consider IRP in these instances. Rather, the OEB stated in the IRP Framework decision that it "encourages Enbridge Gas to discuss DSM opportunities with customers to potentially reduce the size of the build."[6] In this case, no such discussion was held between Enbridge and Greenstone Gold.[7]

Although Enbridge notes that proponents of customer-specific projects have an independent interest in exploring ways to limit gas use, it does not follow that there is no need to discuss potential DSM opportunities with such consumers. Indeed, the OEB clearly believes that these conversations have value and could potentially reduce the size of the build, or it would not have included this language in the IRP Framework decision. Enbridge's rationale for declining to discuss IRP with Greenstone Gold would apply more broadly to customer-specific builds and is

[1] Discounted Cash Flow analysis, Exhibit D, Tab 1, Schedule 4; see also I.ED.2 ("All revenue used in the DCF analysis for the Project is generated from the Greenstone Gold distribution contract.").
[2] I.ED.3 (h).
[3] Exhibit D, Tab 1, Schedule 4 – DCF Analysis.
[4] I.ED.3 (d).
[5] I.ED.3 (a), (g) and (h).
[6] EB-2020-0091, Decision and Order, July 22, 2021 at page 48.
[7] I.Staff.3 (a).

therefore inconsistent with the OEB's own clear direction to discuss DSM opportunities with customers.

Enbridge should discuss DSM opportunities in relation to customer-specific builds in future instances as directed by the OEB, which may result in cost savings to the proponent and reduced financial risk to the ratepayers.

Yours truly,

Amanda Montgomery