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Ms. Nancy Marconi
Acting Registrar
Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

March 24, 2022

Re: EB-2020-0293 – Enbridge St. Laurent Ottawa North Replacement Project
Pollution Probe Argument

Dear Ms. Marconi:

In accordance with Procedural Order No. 5 for the above-noted proceeding, please find attached Pollution Probe's Argument.

Please reach out to the undersigned should you have any questions.

Respectfully submitted on behalf of Pollution Probe.

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cc: Enbridge (email via EGIRegulatoryProceedings@enbridge.com)
Guri Pannu, Enbridge Legal (via email)
Charles Keizer, Torys (via email)
Zora Crnojacki, OEB Case Lead (via email)
All Parties (via email)
Richard Carlson, Pollution Probe (via email)

EB-2020-0293

ONTARIO ENERGY BOARD

Enbridge Gas Inc.
St. Laurent Ottawa North Replacement Project
Leave to Construct Application

POLLUTION PROBE SUBMISSION

March 24, 2022

Submitted by: **Michael Brophy**

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Consultant for Pollution Probe

Background, Process and Overview

Enbridge Gas Inc. (Enbridge) applied to the Ontario Energy Board (OEB) on March 2, 2021, under sections 90 and 97 of the Ontario Energy Board Act, 1998, for an order granting leave to construct for approximately 19.8 kilometres of natural gas pipeline and associated facilities in the City of Ottawa. The proposed natural gas pipeline would replace the existing St. Laurent Pipeline in two final phases of its multiple year project. Enbridge Gas 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.

Below is a summary table of key milestones in the procedural timeline. It does not include elements prior to this Leave to Construct application (e.g. 2020 ICM application which was withdrawn by Enbridge based on OEB feedback in its previous assessment of the St. Laurent project).

Date	Stage
March 2021	Original St. Laurent (Phases 3 & 4) Leave to Construct application
April 2021	Ministry of Transportation (MTO) filed a letter informing the OEB that the proposed route was unacceptable and would not be allowed per their previous communications with Enbridge[1]
May 2021	Enbridge advised the has begun consulting with the Royal Canadian Mounted Police (RCMP) and MTO in an attempt to resolve routing issues.
May 2021	OEB places the application in abeyance pending resolution of the outstanding consultation, routing and approval issues.
September 2021	An updated (new[2]) application is filed by Enbridge including route revisions.
September 2021	The OEB issues a Notice of Hearing on September 30, 2021 for the updated application.
December 2021	Enbridge request to extend the deadline for its interrogatory responses approved by the OEB.
December 2021	The OEB orders Enbridge to respond to FRPO's unanswered questions by February 22, 2022
March 2022	Application Technical Conference
March/April 2022	Proposed dates for Argument/Reply Argument

[1] EB-2020-0293 - Alexandre GitKow_Ministry of Transportation_ltr comment_20210409_Redacted
[2] Final Transcript EB-2020-0293 EGI LTC TC March 03 2022 - Day 1. Page 181, lines 17-21.

Pollution Probe identified early in the process[3] that the St. Laurent Ottawa North project had significant issues, is not a straightforward application and that the application was incomplete. Gaps in Enbridge project planning, consultation and application ultimately led the OEB to place the proceeding in abeyance in May 2021. Enbridge filed a new application on September 10, 2021, replacing the original application. The new application included a modified route and new cost estimates, but did not include any stakeholder consultation or an Environmental Protection Plan for the new project, despite the OEB specifically indicating the importance of such a document[4]. Pollution Probe identified that the new application is incomplete and did not resolve many of the original project gaps and also created additional issues[5].

The OEB adjournment was for a period of approximately 4 months, but the project itself is one year[6] behind the original timing requested by Enbridge. Given that this project has been deferred since 2015, a one year delay is not material to the overall timing and need of the project. Enbridge indicated that in order to meet its self-imposed 2022 timelines (i.e. in-service in December 2022), the Company required the OEB grant Leave to Construct approval of this application as soon as possible and not later than July 2021[7]. In the new application filed September 2021 Enbridge indicates that in order to meet Project timelines, Enbridge required the Board grant leave to construct approval of this Application as soon as possible and not later than February 2022[8]. It appears that Enbridge is attempting to creating an artificial urgent deadline for the OEB and to circumvent proper alternative assessment required by the OEB[9]. It appears that the OEB panel may already realize this since the OEB has actd on the timing requested by Enbridge or circumvented a proper assessment of the application to meet those artificial milestones.

Recommendation

Pollution Probe recommends that the OEB reject the Leave to Construct request in favour of the more prudent and economic alternative of monitoring and maintaining the existing pipeline. The benefits of this approach are outlined in this document. Should

[3] PollutionProbe_IntrvREQ_20210409
[4] EB-2019-0006 OEB Decision and Order. Page 2.
[5] PollutionProbe_ltrComment_20210913 and PollutionProbe_Ltr_20211013
[6] Final Transcript EB-2020-0293 EGI LTC TC March 03 2022. Page 168, lines 12-18.
[7] Original Filed: 2021-03-02 EB-2020-0293 Exhibit A, Tab 2, Schedule 1, Page 2
8 Updated: 2021-09-10
EB-2020-0293, Exhibit A, Tab 2, Schedule 1,Page 3.
[9] Including from the recent OEB Decisions for EB-2020-0091 and EB-202-0192.

Enbridge consider applying for replacement in the future, the OEB should indicate that a proper assessment of the project must be included. This should include a forward-looking assessment of gas demand forecast to justify the project over the proposed amortization period and a proper integrated resource plan (IRP) assessment of alternatives.

Project Purpose, Need and Timing

This project does not meet the criteria for exemption from a proper IRP assessment. The project is not required within three years and in fact may never be needed. The only way it would be exempt is if the OEB consciously decides to exempt the project by approving the project now and expediting its construction.

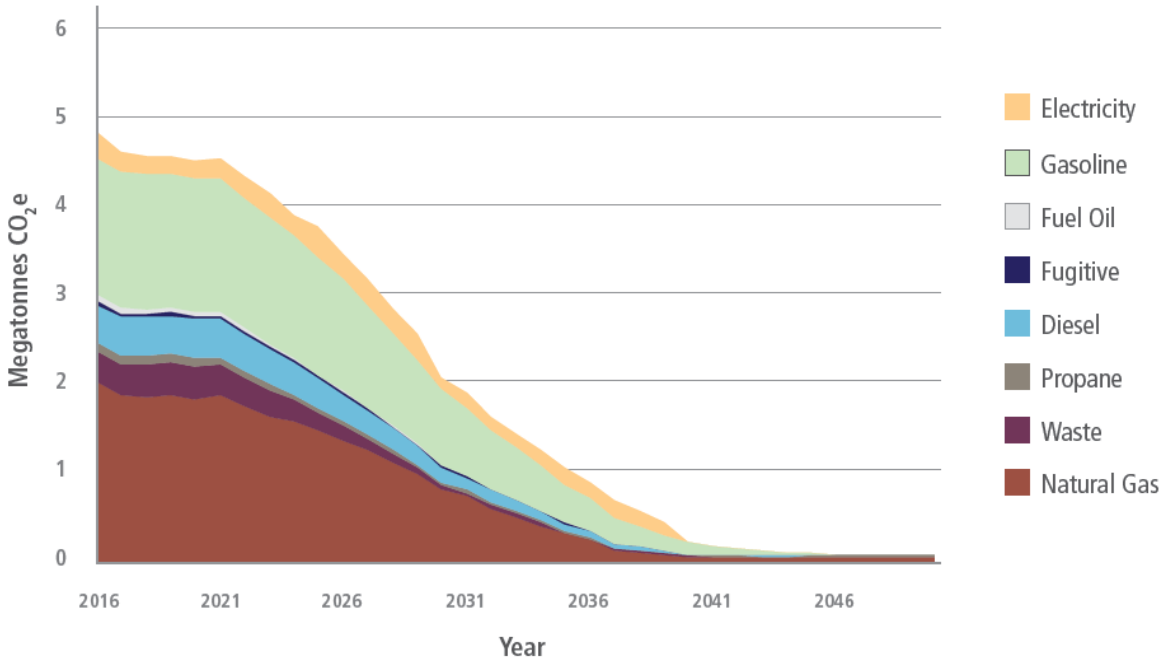
The OEB has been concern about effective integrated planning for the proposed project[10]. Instead of doing a comprehensive assessment of options for this proceeding, Enbridge simply submitted two individual projects under one application rather than conducting a more comprehensive system assessment.

The OEB raised concerns with Enbridge proposing replacement pipelines without proper analysis and assessment. In a recent Leave to Construct proceeding for a pipeline many decades older than the St. Laurent line, the OEB indicated that it "acknowledges that more direction is likely to be provided to Enbridge Gas in future leave to construct projects as part of the ongoing IRP proceeding. In the interim, however, the OEB believes that all parties would be assisted if Enbridge Gas would, in the future, undertake in-depth quantitative and qualitative analyses of alternatives that specifically include the impacts of DSM programs on the need for, or project design of facilities for which Enbridge Gas has applied for leave to construct.[11]"

Enbridge did conduct a very limited IRP assessment that was completed July 29, 2021[12]. However, Enbridge chose not to file it with its application to the OEB on September 10, 2021. It appears that Enbridge may have been aware that the OEB and stakeholders expect a proper IRP assessment for large pipeline proposals, but since Enbridge did not conduct a forward-looking demand assessment for this project[13] it may have restricted Enbridge's ability to complete a proper IRP assessment.

[10] EB-2019-0006 OEB Decision and Order. Page 2
[11] OEB EB-2020-0192 Decision dated January 28, 2021. Page 20.
[12] EB-2020-0293, Exhibit I.STAFF.6, Attachment 2,
[13] EB-2020-0293 Exhibit I.FRPO.18

The City of Ottawa has identified a steady decrease use of natural gas demand over the next decade[14] and beyond. The largest customers identified by Enbridge on this pipeline have also confirmed this trend for decreased natural gas demand[15].



Enbridge or other parties may try to discredit the factual basis for declining natural gas use that will occur in the City of Ottawa over the next decade or more. Net Zero by 2050 as identified by Ottawa is a typical timeframe and in fact some communities in Ontario are forecasted to transition at an even faster rate. Even in the rare event that the energy and emission forecast is delayed, the pipeline will still be a stranded asset decades before it is fully recovered from Ontario Ratepayers in 2063. Enbridge acknowledged that no forward-looking demand forecast was done for this project and that none of the gas demand reductions identified have been considered in the Enbridge project need or engineering[16]. Approving a new pipeline that is not needed is a waste of Ratepayer funds and creates a significant liability for the future.

Let's be clear, natural gas demand does not need to go to zero in order to strand gas pipelines like the proposed project. Building new redundant capital assets that are not required for the future will leave them not used or useful. There is a broad existing system of steel and plastic pipelines into and out of Ottawa that is more than sufficient to provide the future declining need for natural gas.

[14] Chart from SEC_CityEvidencePackage_EGI_St Laurent_20220117. Page 116.
[15] SEC_CityEvidencePackage_EGI_St Laurent_20220117. Pages 211, 184, 183, 211 and 213.
[16] Final Transcript EB-2020-0293 EGI LTC TC March 03 2022. Page 192, lines 13-24

Integrity Issues

Pollution Probe understands that other stakeholder to this proceeding are responding in detail to Enbridge's claims that the existing pipeline needs to be entirely replaced by a brand new pipeline based on integrity issues. This is not supported by the evidence and in fact it is hopefully clear to the panel that a small number of isolated potential integrity issues can be monitored and addresses individually rather than the wholesale disruption and costs related to an entirely new pipeline. Pollution Probe has provided summary comments to alert the panel to information supporting this conclusion, but has avoided duplication of the detailed integrity dive that other stakeholders are undertaking.

Statements related to integrity and safety should not be applied in general term to justify an entire pipeline replacement when there is no specific basis backing them up. There are some isolated portions of the existing pipeline that may require monitoring and potentially repair in the future[17]. This is normal day to day activity and can be included in the regularly scheduled work approved in the capital and O&M envelopes reviewed by the OEB. It is the job of Enbridge to monitor and prioritize isolated repairs as needed, not an issue for others including the OEB. This pipeline is no different than other typical pipelines and does not justify an entire replacement. The St. Laurent project is not special from thousands of kilometers of other similar vintage steel pipelines in the system. Enbridge confirmed that "the steel pipeline system (over 12,000 km in total) accounts for approximately 35% of all mains within the gas distribution system. The "vintage steel mains" (installed in 1970 and prior), across the entire EGD Rate Zone, account for over 50% (more than 7,000 km) of the total steel mains population[18]". If the OEB were to set the precedent of replacing these lines, it will lead to billions in stranded future assets.

This pipeline has been on Enbridge's list for consideration since 2015[19]. The integrity assessment for the existing pipeline is better than other similar lines and the Health Index for the St. Laurent pipeline is not forecasted to change until after 2047[20] where it still remains munch better than other similar pipelines. As identified above in the gas demand forecast for the City of Ottawa, that is a decade after the pipeline will be no longer used and useful. Continuing to use the existing pipeline and then downgrading it in the future when it is no longer required is more reasonable option than building a brand new pipelines that will become stranded a decade after it is built.

[17] Final Transcript EB-2020-0293 EGI LTC TC March 03 2022. Page 140, lines 25-28.
[18] EB-2020-0293 Exhibit I.PP.11b
[19] EB-2020-0293 Exhibit I.FRPO.15
[20] Ref EB-2020-0293 Exhibit B, Tab 1, Schedule 1, Page 42 of 48 – Figure 17.

The more cost-effective and prudent monitor option is also in accordance with TSSA and CSA requirements[21]. Enbridge is not required or committed to replace the existing pipeline based on safety and integrity issues. Enbridge indicated that it would merely consider options if it does not get incremental capital rate base for the project[22]. Enbridge also indicated that if it does not get Leave to Construct approval in this proceeding it will go back and reassess its IRP options[23]. This is hardly an urgent replacement scenario, which supports the more cost effective and prudent option of monitor and repair isolated sections if needed in the future.

Furthermore, the hypothetical scenario Enbridge has created to calculate alternative costs is based on a worst-case[24] incident occurring on a calculated design day of 48 HDD, which is not a real or reasonable occurance. It is a hypothetical and generic worst case spreadsheet calculation that is not likely to happen on this or any other pipeline.

Project Economics

Building a new pipeline when compared to the option of monitoring and (if needed) repairing specific sections over time makes no sense from a practical or economic point of view. Building a new pipeline represents a 100% chance of incurring a capital cost of $86 million plus ancillary cost. Where the better alternative represents monitoring with a cost range from $0 to maximum hypothetical cost of $54 million in a worst-case scenario if it were to occur on the coldest theoretical design day for the pipeline[25]. On a risk adjusted basis the monitor option has a maximum cost less than 1% of the proposed new pipeline option[26]. That makes the proposed project over 100 times[27] more expensive than the highest estimate for the monitor and repair (if needed) alternative. Enbridge confirmed that the hypothetical costs for a catastrophic failure is based on input from a historical incident[28] that was driven by factors not relevant for the St. Laurent pipeline. It is also important to note that most of the costs from the calculation are claim costs which may or may not occur and could even be covered by

[21] EB-2020-0293 Exhibit I.ED.10
[22] Final Transcript EB-2020-0293 EGI LTC TC March 03 2022. Page 183, lines 9-25.
[23] Final Transcript EB-2020-0293 EGI LTC TC March 03 2022. Page 200, lines 3-17.
[24] Enbridge confirmed the estimates are based on a catastrophic failure scenario - EB-2020-0293 Exhibit JT1.9
[25] EB-2020-0293 Exhibit JT1.8
[26] EB-2017-0086 Exhibit D1 Tab 2 Schedule 2 Page 8 of 27. Estimated based on 1 in 10 chance of a 10% chance for a peak HDD. Although this is a 1% chance of a peak design day (HDD) , the chance of the hypothetical catastrophic failure occurring the exact same time is significantly lower, perhaps thousands of times smaller than 1%.
[27] Likely thousands of times more expensive, but 100 times is used as a very conservative estimate.
[28] EB-2020-0293 Exhibit I.FRPO.3

insurance, resulting in the monitor option being even more cost-effective than we suggest.

Enbridge confirmed that it has not decided to pursue this project unless it gets incremental capital funding. Enbridge has an economic incentive to propose the more costly new pipeline over the less costly alternative. Monitor and repair (if needed) does not increase Enbridge shareholder return, but new capital does[29]. The only risk highlighted to the Enbridge Board of Directors was the risk that the OEB may not approve full capital return on the project[30]. This puts incremental capital spending above Ratepayer interests.

There are also additional costs related to the new pipeline option that do not occur with the monitor and repair option. Abandonment costs for the pipeline add another $10,335,783[31] and future abandonment costs for any new pipeline would increase that figure.

It is also important to note that the pipeline is designed to serve ex-franchise customers in Quebec and 1/3rd of the pipeline demand design is for those ex-franchise customers. This is not needs driven by Ontario Ratepayers, even though Ontario Ratepayers would incur the full cost of the proposed project. Enbridge has assumed that ex-franchise will fund the project over time based on historical demand and with no consideration of the decline in fossil fuel demand and the regulatory phase out of fossil fuels in Quebec starting in 2022[32]. Additionally, Quebec has started to ban fossil fuels starting with oil in 2022 and natural gas in 2024. Similar natural gas phase outs are being considered in Ontario for some of the largest customers[33].

Every time a new pipeline is built it increase the likelihood for stranded assets and the time to consider those issue and risk are during this Leave to Construct proceeding. It is no longer acceptable for excess pipelines to be built with the thought that they will eventually be used by future customers and load growth. Those days are gone under a Net Zero future. It is better to prolong the life of the current depreciated pipelines than to add more capital with an amortization period of 40 years when loads will not be sufficient to pay for the capital over that period. Enbridge has not done any risk assessment of this pipeline or others becoming stranded in the next decade or more[34]. There is also no modelling done other than that by the City of Ottawa which shows the changes planned for natural gas use.

[29] EB-2020-0293, Exhibit I.FRPO.15, Attachment 3, Page 4 of 8
[30] EB-2020-0293, Exhibit I.FRPO.15, Attachment 3, Page 8 of 8
[31] EB-2020-0293 Exhibit I.ED.18
[32] PollutionProbe_IR_EnbridgeReplyEvidence_20220208 Attachment 1
[33] PollutionProbe_IR_AppendixC_Ministergasphaseoutletter_20211122
[34] Final Transcript EB-2020-0293 EGI LTC TC March 07 2022. Page 105