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BY EMAIL

May 12, 2022

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

Dear Ms. Marconi:

**Re: Enbridge Gas Inc.
NPS 20 Waterfront Relocation Project
OEB Staff Interrogatories**

Ontario Energy Board File Number: EB-2022-0003

In accordance with Procedural Order No. 1, please find attached the OEB Staff interrogatories for the above proceeding. This document has been sent to Enbridge Gas Inc. and to all other registered parties to this proceeding.

Enbridge Gas Inc. is reminded that its responses to interrogatories are due by May 26, 2022.

Yours truly,

Ritchie Murray
Sr. Advisor, Applications - Natural Gas

Encl.



OEB Staff Interrogatories

NPS 20 Waterfront Relocation Project

Enbridge Gas Inc.

EB-2022-0003

May 12, 2022

1-Staff-1

Ref.: Exhibit B, Tab 1, Schedule 1, Page 6
Exhibit B, Tab 1, Schedule 3, Page 1
Exhibit D, Tab 1, Schedule 1, Attachment 1

Preamble

In a letter from the City of Toronto to Enbridge Gas dated July 29, 2021, the City of Toronto stated that it is prepared to allow Enbridge Gas to remain on the existing Keating Railway Bridge until April 30, 2023. The City of Toronto also stated that it is prepared to permit Enbridge Gas to relocate its pipeline to a permanent location on the Keating Rail Bridge utility corridor on terms and conditions that would be contained in a mutually acceptable long-term license. Among other matters, the City of Toronto said the licence should address a proportionate contribution by Enbridge Gas to the capital maintenance and repair of the new utility corridor.

To date, Enbridge Gas has not filed a copy of any licence granted to it by the City of Toronto for use of the new utility corridor.

Questions

- a) When does Enbridge Gas anticipate that the licence agreement will be executed? Has a draft licence agreement been prepared? If so, can Enbridge Gas file the draft as part of its interrogatory responses. If not, why not?
- b) What will be the term of the licence agreement? What are the terms on which the licence may be renewed, and can the City of Toronto refuse to renew it? Can the licence be terminated by the City of Toronto before it expires? What are the implications for ratepayers if the City of Toronto refuses to renew the licence, terminates the licence, or requires Enbridge Gas to relocate its pipeline from the new utility corridor when the term of the licence expires?
- a) Have the terms and conditions relating to the “proportionate contribution” to the capital maintenance and repair of the new utility corridor been addressed? If so, please briefly describe the terms and conditions and provide an estimate for the amount of the contribution. If not, please briefly describe the anticipated terms and conditions and provide an estimate for the amount of the contribution.

2-Staff-2

Ref.: Exhibit C, Tab 1, Schedule 1, Pages 5-7

Preamble

Enbridge Gas re-assessed several alternatives that were initially assessed as part of its original application including micro-tunnelling, station relocations or enhancements, etc.¹ Enbridge Gas noted that the Integrated Resource Planning (IRP) framework states that if an identified system constraint/need must be met in under three years then an IRP evaluation is not required,² and that Waterfront Toronto requires the removal of the existing gas main from the Keating Railway Bridge to the south side of the Lake Shore Bridge by April 30, 2023 (which is less than three years). Finally, Enbridge Gas states that, since the existing gas main is embedded within its distribution network, there is no ability for a third-party natural gas market participant to deliver gas directly to the region served by the existing natural gas main. Therefore, market-based supply side alternatives do not exist to meet the Project need.

There is no evidence to suggest whether Enbridge Gas considered replacing the existing pipeline with a smaller diameter pipeline as an alternative to a like-for-like replacement.

Question

Did Enbridge Gas assess the alternative of replacing the existing NPS 20 pipeline with a smaller than NPS 20 diameter pipeline? If so, what were the results of that assessment? If not, why not?

3-Staff-3

Ref.: Exhibit D, Tab 1, Schedule 1, Pages 1 to 4

Preamble

The total cost for the Project is estimated to be \$23.5 million, less a contribution from Waterfront Toronto of \$5.0 million, for a net Project cost of \$18.5 million. Waterfront Toronto will also be responsible for the costs it incurs related to consulting and construction services to design and construct a new utility corridor on the Keating Rail bridge, the estimated value of which is approximately \$3 million.

Enbridge Gas says that the cost estimate for the Project includes a 30.0% contingency applied to all direct capital and abandonment costs to reflect the preliminary design stage of the Project. Enbridge Gas says that this contingency

¹ EB-2020-0198, Exhibit B-1-1

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

amount has been calculated based on the risk profile of the Project and is consistent with contingency amounts calculated for similar Enbridge Gas projects – specifically, the NPS 20 Cherry to Bathurst Replacement Project³ and the St. Laurent North Replacement Project⁴.

Enbridge Gas says that it has prudently managed the potential ratepayer impacts of the Project by determining a new, lower cost preferred alternative and negotiating a fair contribution to the Project from Waterfront Toronto.

OEB staff prepared the following summary table to facilitate a comparison of the costs between the Cherry to Bathurst Replacement Project, the St. Laurent North Replacement Project and the Waterfront Relocation Project.

Project	Cherry to Bathurst	St. Laurent North Ph-3	St. Laurent North Ph-4	Waterfront Relocation
Docket	EB-2020-0136	EB-2020-0293	EB-2020-0293	EB-2022-0003
NPS	20	2, 4, 6, 12, 16	4, 12	20
Material	Steel	Steel & Plastic	Steel & Plastic	Steel
Length (m)	4,500	13,713	6,100	350
Material Costs	\$3,486,320	\$358,484	\$1,268,313	\$2,531,319
Labour Costs	\$71,820,730	\$20,369,317	\$49,053,572	\$10,176,815
External Permitting & Land Costs	\$1,055,700	\$6,303	\$687,387	\$20,241
Outside Service Costs	\$5,199,780	\$2,783,359	\$4,523,815	\$2,230,858
Direct Overhead Costs	\$950,975	\$531,061	\$605,700	\$272,759
Sub-Total	\$82,513,505	\$24,048,524	\$56,138,787	\$15,231,992
Contingency %	30.0	14.1	29.5	30.0
Budgeted Contingency	\$24,754,052	\$3,384,108	\$16,551,960	\$4,569,598
Indirect Overhead Costs	\$24,073,159	\$5,647,458	\$15,228,034	\$3,251,073
Interest During Construction	\$1,707,176	\$348,748	\$673,345	\$407,708
Total Project Costs	\$133,047,922	\$33,428,852	\$88,592,155	\$23,460,401
Unit Cost (\$/m)	\$29,566	\$2,438	\$14,523	\$67,030

Questions

- a) Please confirm that Enbridge Gas is responsible for the costs to physically remove the existing pipeline from the Keating Railway Bridge and the temporary bypass from the Lakeshore Bridge. If this cannot be confirmed, please clarify who is responsible for those costs. If known, please provide the separate estimated costs to physically remove the existing pipeline from the Keating Railway Bridge and the temporary bypass from the Lakeshore Bridge.
- b) Please explain:
 - i. The rationale for a \$5 million contribution by Waterfront Toronto as

³ EB-2020-0136

⁴ EB-2020-0293

- opposed to some other amount.
- ii. Why the City of Toronto has not committed any capital funding toward the Project?
 - iii. Whether the City of Toronto is contributing any capital funding toward the new utility corridor. If so, how much?
- c) Please discuss the costs of the Waterfront Relocation Project relative to the Cherry to Bathurst Replacement Project and the St. Laurent North Replacement Project. Please explain why the costs of the Waterfront Relocation Project are reasonable relative to the lower per unit costs of the two comparator projects. Please reference in the response such considerations as pipeline material and diameter, construction methods and risks.
- d) If the Cherry to Bathurst Replacement Project and the St. Laurent North Replacement Project are not appropriate comparator projects, please provide alternative comparator projects and discuss how they demonstrate that the costs of the Waterfront Relocation Project are reasonable.
- e) What estimation standard was used in the development of the Project costs (e.g., American Association of Cost Engineers)? What maturity level is the cost estimate (i.e., what class is the estimate)?
- f) Please identify and briefly describe any risks associated with the Project and explain how the proposed contingency budget is appropriate and consistent with the identified risks.
- g) Please identify and describe the controls that would be used to help manage costs after the OEB issues its decision (e.g., fixed bid contract, Owner's Engineer).

3-Staff-4

Ref.: Exhibit D, Tab 1, Schedule 1, Page 4

Preamble

Enbridge Gas says that a Discounted Cash Flow assessment was not completed because the Project is underpinned by compliance requirements and will not create any incremental capacity or new revenues from customers.

Question

Did Enbridge Gas's use any other financial metrics to compare alternatives (e.g., NPV)? If so, please discuss what metrics were used and what Enbridge Gas's conclusions were. If not, why not?

4-Staff-5

Ref.: Exhibit F, Tab 1, Schedule 1, Attachment 2

Preamble

The updated Environmental Report for the Project was submitted to the Ontario Pipeline Coordinating Committee, the Toronto and Region Conservation Authority (TRCA), the City of Toronto, and the Mississaugas of the Credit First Nation on December 17, 2021. An updated consultation log covering the period between December 17, 2021 and February 22, 2022 was included in the application. According to the updated consultation log:

- Enbridge Gas informed the Ministry of Heritage, Sport, Tourism and Culture Industries that a Stage 1 Archaeological Assessment would be completed and filed by February 21, 2022.
- Enbridge Gas informed the TRCA that it would provide the TRCA with information on a) any impacts to the Don Roadway Flood Protection Landform and b) Enbridge Gas's sediment and debris management plans as part of the TRCA permitting process.

Questions

- a) Please provide an update on the status of the Stage 1 Archaeological Assessment.
- b) Please provide an update on the TRCA permitting process. Does Enbridge Gas foresee any reason why it may not receive any necessary permits from the TRCA?

5-Staff-6

Ref.: Exhibit G, Tab 1, Schedule 1, Page 1
Exhibit G, Tab 1, Schedule 1, Attachments 1 and 2

Preamble

Enbridge Gas states that the two proposed pipelines follow public road allowance for the majority of the Project. However, bylaw or easement may be required where municipal road allowances are not dedicated.

Attachment 1 contains Enbridge Gas's standard form of Working Area agreement that would be provided to landowners. Attachment 2 contains the standard form of Easement Agreement that would be provided to landowners if a permanent easement is required. Enbridge Gas states that these agreements are the same as those used in Enbridge Gas's St. Laurent North Replacement Project.⁵

OEB staff notes that the forms of agreement filed with the OEB for the St. Laurent North Replacement Project were previously approved by the OEB for use in Enbridge Gas's Innes Road Project.⁶

Questions

- a) Please briefly describe the status of negotiations for any bylaw or easement that is required where municipal road allowances are not dedicated. When are these negotiations anticipated to be completed? Is there any risk to the Project costs or schedule arising from these negotiations? Please explain.
- b) Please confirm that no changes have been made to the forms of agreement since they were last approved for use by the OEB. If this cannot be confirmed, please identify and explain any changes.

4-Staff-7

Ref.: Exhibit F, Tab 1, Schedule 1, Pages 4 and 7

Preamble

The Ministry of Heritage, Sport, Tourism and Culture Industries (Ministry of Heritage) advised Enbridge Gas that its Environmental Report is not complete until a Stage 1 Archaeological Assessment (AA) for the Preferred Route (PR) has been completed and submitted to the Ministry of Heritage, and its recommendations incorporated into the ER.

Enbridge Gas stated:

- An expedited review request was sent to the Ministry of Heritage on January 10, 2022. On January 25, 2022, the Ministry of Heritage provided comments to the report, requesting additional information on portions of the study area. Enbridge Gas responded to the Ministry of Heritage on February 23, 2022, addressing their concerns.⁷

⁵ EB-2020-0293

⁶ EB-2012-0438, OEB Decision and Order, April 11, 2013, pp. 5-6

⁷ F-1-1 page 7

- Enbridge Gas advised the Ministry of Heritage on February 22, 2022, that a Stage 1 AA for the PR would be submitted for review the week of February 21, 2022.⁸
- Enbridge Gas states that a Stage 1 AA that included the current PR was submitted to the Ministry of Heritage for review and acceptance into the Ontario Public Register of Archaeological Reports on February 22, 2022, and an expedited review request was sent February 23, 2022.⁹

Enbridge Gas stated that it will provide the clearance letter to the OEB once it is received from Ministry of Heritage.

OEB staff notes that the current application was filed with the OEB on February 24, 2022.

Questions

- a) The sequence of communications between Enbridge Gas and the Ministry of Heritage is difficult to follow. Please confirm that the Stage 1 AA for the PR was submitted to the Ministry of Heritage on February 23, 2022. Otherwise, please provide the date that the Stage 1 AA submitted to the Ministry of Heritage.
- b) Has the Ministry of Heritage responded to the Enbridge Gas's submission of the Stage 1 AA for the PR? If so, what was the Ministry of Heritage's response? If not, when does Enbridge Gas anticipate a response from the Ministry of Heritage?

7-Staff-8

Ref.: Exhibit E, Tab 1, Schedule 1, Page 2, Table 1
Exhibit F, Tab 1, Schedule 1, Appendix B5 – 2021 Consultation Materials

Preamble

OEB staff notes that several elements of the design specifications and testing procedures in Table 1 are yet to be determined; these include pipe grade, wall thickness and the hoop stress at design pressure – all of which are required information for the Technical Standards and Safety Authority (TSSA) to complete a review of the project.

⁸ F-1-1 page 4

⁹ F-1-1 page 7

In an email to Enbridge Gas dated October 29, 2021, the TSSA requested that Enbridge Gas complete and submit a [project review form](#).

Questions

- a) Has Enbridge Gas submitted a completed project review form to the TSSA for the Project? If not, why not? If so, what is the status of the review?
- b) Does Enbridge Gas intend to file with the OEB a complete Table 1? If not, why not? If so, when?
- c) Has Enbridge Gas filed with the TSSA a risk assessment per CSA Z662 Annex B? If not, why not? If so, please explain the status of that filing?

7-Staff-9

Ref.: Exhibit F, Tab 1, Schedule 1, Table 2-4
Exhibit G, Tab 1, Schedule 1, Page 1, Table 1
Exhibit H, Tab 1, Schedule 1, Attachment 1, Page 4

Preamble

In Table 1, Enbridge Gas lists a series of potentially required permits and agreements.

In a letter to the Ministry of Energy dated October 4, 2021, Enbridge Gas identified a number of “potential required authorizations” that are not listed in Table 1; they are Infrastructure Ontario, Ministry of Natural Resources, Hydro One Networks, and various rail operators (CN Rail, CP Rail and Metrolinx).

Table 2-4 indicates that the temporary above ground by-pass will require two railway crossings and there will be one railway crossing for the final pipeline construction.

Questions

- a) Please confirm that the additional potential required authorizations listed in Enbridge Gas’s letter to the Ministry of Energy are not listed in Table 1 because they are not applicable to this Project. If this cannot be confirmed, then please explain why the additional authorizations were not listed in Table 1. In particular, please comment on the railway crossing permit required from CN Railway for the NPS 20 temporary bypass.
- b) If applicable, please briefly describe the status of any additional potential required authorizations. When are these authorizations anticipated to be

granted? Is there any risk to the Project costs or schedule arising from the need to obtain these authorizations?