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June 9, 2022

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

Dear Ms. Marconi,

**RE: EB-2022-0003 Enbridge Gas NPS 20 Waterfront Relocation Project
Energy Probe Argument Submission**

Attached is the argument submission of Energy Probe Research Foundation (Energy Probe) in the EB-2022-0003 Enbridge Gas NPS 20 Waterfront Relocation Project Leave to Construct proceeding.

Respectfully submitted on behalf of Energy Probe.

Tom Ladanyi
TL Energy Regulatory Consultants Inc.

cc. Patricia Adams (Energy Probe Research Foundation)
Dave Janisse (Enbridge Gas Inc.)
Ljuba Djurdjevic (OEB Staff)
Ritchie Murray (OEB Staff)

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ONTARIO ENERGY BOARD

IN THE MATTER OF The *Ontario Energy Board Act, 1998*,
S.O. 1998, c.15, Schedule B; and in particular section 90(1)
and section 97 thereof;

AND IN THE MATTER OF an application by Enbridge Gas Inc.
for an order granting leave to construct natural gas pipelines in
the City of Toronto.

Enbridge Gas NPS 20 Waterfront Relocation Project

Energy Probe Argument Submission

June 9, 2022

Executive Summary

Based on the evidence presented by Enbridge Gas and other parties on the issues in this case Energy Probe submits that the OEB should approve the NPS 20 Waterfront Relocation Project as filed. To obtain Leave to Construct order under Section 90 of the OEB Act, an applicant needs to demonstrate to the OEB that the purpose, the need, and the timing for the project, and its cost estimate and route selection are appropriate. Based on the record in this proceeding, Energy Probe has concluded that Enbridge Gas has demonstrated that they are.

Background

Enbridge Gas Inc. applied to the OEB on February 24, 2022, for an order granting leave to construct natural gas pipelines consisting of the following two facilities:

- 1) The “Temporary Bypass”, consisting of approximately 190 m of Nominal Pipe Size (“NPS”) 20-inch high-pressure (“HP”) steel (“ST”) natural gas main located both below grade and above grade along the southern side of the proposed Lake Shore Bridge; and
- 2) The “Permanent Relocation”, consisting of approximately 160 m of NPS 20-inch HP ST natural gas main located within a newly designed utility corridor along the northern side of the Keating Railway Bridge.

The two facilities together form the NPS 20 Waterfront Relocation Project. The project is needed to address a conflict with Waterfront Toronto’s Port Lands Flood Protection and Enabling Infrastructure Project (“PLFPEI”) which resulted in the termination of a license agreement between Enbridge Gas and the City of Toronto to locate an existing NPS 20-inch HP ST natural gas pipeline on the Keating Railway Bridge, which spans the Don River. According to Enbridge, the existing pipeline is a critical source of natural gas supply to the downtown Toronto area. Enbridge identified the need for the project in its EB-2020-0198 application, which was withdrawn on February 19, 2021.

Issues

In PO No.1 the OEB indicated that the issues for this proceeding would be its standard issues list for leave to construct (LTC) applications. In the Notice for this proceeding and in PO No.1 the OEB indicated that it intends to follow its standard Issues List for natural gas leave to construct applications. Energy Probe will only make submissions on Issues 1.0: Need for the Project, 2.0: Project Alternatives, and 3.0: Project Cost and Economics.

1.0: Need for the Project

The project is needed to address a conflict with Waterfront Toronto's Port Lands Flood Protection and Enabling Infrastructure Project which resulted in the termination of a license agreement between Enbridge Gas and the City of Toronto to locate an existing NPS 20-inch HP ST natural gas pipeline on the Keating Railway Bridge, which spans the Don River. According to Enbridge, the existing pipeline is a critical source of natural gas supply to the downtown Toronto area.¹ Enbridge explained the need for the project in its EB-2020-0198 Application and that has not changed. Energy Probe believes that Enbridge has demonstrated the need for the project.

2.0: Project Alternatives

Enbridge considered Integrated Resource Planning (IRP) and several routing alternatives. It rejected IRP because of the timing of the removal of the existing crossing did not allow it. The routing alternatives were either not viable or were more costly than the proposed project. Energy Probe believes that Enbridge has demonstrated that it has considered alternatives and has selected the best alternative for its project.²

3.0: Project Cost and Economics

Enbridge estimated the total cost for the project to be \$23.5 million, less a contribution from Waterfront Toronto of \$5.0 million, for a net project cost of \$18.5.³ The costs of removal of the existing NPS 20 gas main will be the responsibility of Waterfront Toronto⁴. The abandonment costs of both the existing pipeline and the Temporary Bypass will be charged/debited to accumulated depreciation⁵. Energy Probe believes that the project cost estimate is reasonable, however it is concerned about the relatively small amount of the contribution from Waterfront Toronto. According to Enbridge, the \$5 million contribution to project cost from Waterfront Toronto is the maximum that Waterfront Toronto would agree to.⁶

¹ Exhibit B, Tab 1, Schedule 1, pages 1 to 11

² Exhibit C, Tab 1, Schedule 1, pages 5 to 12

³ Exhibit D, Tab 1, Schedule 1, page 1

⁴ Exhibit I.STAFF.3 a)

⁵ Exhibit I.EP.1 b)

⁶ Exhibit I.STAFF.3 b)

Any portion of the cost of relocation that Enbridge does not recover from Waterfront Toronto, Enbridge will recover from its ratepayers in gas distribution rates. Since Enbridge shareholders will not bear any of the cost, Energy Probe is concerned that Enbridge may not have tried hard enough to get a better deal in its negotiations with Waterfront Toronto. Enbridge Gas and Waterfront Toronto met on June 14, 2021, and June 23, 2021, to negotiate Waterfront Toronto's contribution to the Project costs. Following these meetings, the Project Work Agreement was drafted, reviewed, and executed via email correspondence. The Enbridge Gas representatives at the negotiation meetings were the Manager, Capital Development & Delivery and the Supervisor, Capital Development. Authority to negotiate/settle was delegated to these representatives by the Director, System Improvement. The Project Work Agreement between Waterfront Toronto and Enbridge Gas was executed by the Director, System Improvement.⁷ While these individuals likely have excellent engineering and project management skills, they may not have similar negotiating skills.⁸ Despite these concerns, Energy Probe believes that the Project Costs and Economics presented by Enbridge in its evidence are appropriate.

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⁷ Exhibit I.EP.2 a) and b)

⁸ Exhibit I.STAFF.3, part b).