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July 6, 2022

VIA EMAIL and RESS

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

Dear Nancy Marconi:

**Re: Enbridge Gas Inc. (Enbridge Gas)
Ontario Energy Board (OEB) File: EB-2022-0088
Haldimand Shores Community Expansion Project
Reply Submission**

Consistent with the OEB's Procedural Order No. 1, enclosed please find the reply submission of Enbridge Gas in the above noted proceeding.

The above noted submission has been filed electronically through the OEB's RESS.

Please contact the undersigned if you have any questions.

Yours truly,

Brittany Zimmer
Advisor, Leave to Construct Applications

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B; and in particular sections 91(1) and 97 thereof;

AND IN THE MATTER OF an application by Enbridge Gas Inc. for an order granting leave to construct natural gas distribution pipelines and ancillary facilities that make up a Community Expansion Project to serve the community of Haldimand Shores in the Township of Alnwick/Haldimand.

**ENBRIDGE GAS INC.
REPLY SUBMISSION**

OEB File No. EB-2022-0088

July 6, 2022

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INTRODUCTION

1. Pursuant to Procedural Order No. 1 issued by the Ontario Energy Board (“OEB”) on May 11, 2022, this is the reply submission of Enbridge Gas Inc. (“Enbridge Gas” or the “Company”) related to the expansion of natural gas distribution services proposed for the community of Haldimand Shores.
2. Enbridge Gas is seeking an order from the OEB granting leave to construct natural gas pipelines and facilities as part of its Haldimand Shores Community Expansion Project (“Project”), specifically:
 - Approximately 7.3 km of Nominal Pipe Size (“NPS”) 2-inch polyethylene (“PE”) natural gas distribution pipeline,
 - Approximately 385 m of NPS 4-inch PE natural gas distribution pipeline, and
 - Approximately 115 m of NPS 4-inch steel (“ST”) natural gas distribution pipeline.
3. The Haldimand Shores Community Expansion Project represents 1 of 28 projects that have been approved to receive funding as part of Phase 2 of the Government of Ontario’s Natural Gas Expansion Program (“NGEP”). As stated in Exhibit B of Enbridge Gas’s application and evidence, the Project is supported by the Township of Haldimand/Alnwick. Through the Project, Enbridge Gas will bring safe, reliable, and affordable natural gas distribution service to the community of Haldimand Shores in direct support of the NGEP, making natural gas available to approximately 112 residential premises that are not currently served and have demonstrated the desire for access to natural gas.
4. With the necessary approvals of the OEB, Enbridge Gas expects to construct the Project between September and December of 2022. To meet the proposed Project construction timelines, Enbridge Gas respectfully requests

approval of this application as soon as possible, and not later than August 19, 2022.

5. Submissions on the evidence in this proceeding were filed by OEB staff and Pollution Probe. OEB staff expressed full support for the Project and this is summarized by OEB staff in their submission:

OEB staff has no concerns with the Project and supports the OEB granting leave to construct approval to Enbridge Gas, subject to certain Conditions of Approval contained in Schedule A to this submission.¹

6. Through the balance of this submission, Enbridge Gas highlights the submissions of OEB staff supporting the Project and responds to the specific submissions and recommendations of OEB staff and Pollution Probe.

PROJECT NEED

7. On the issue of Project need, Enbridge Gas described: i) the alignment of the Project with the Government of Ontario's efforts pursuant to the NGEF to have gas distribution service made available to communities in Ontario that are not currently served, ii) the community's support for the Project, and iii) the customer attachment forecast (underpinned by community-specific market research)².
8. As described in Exhibit B, the Project was approved as part of Phase 2 of the Government of Ontario's NGEF. The press release issued by the Government of Ontario was included at Exhibit B, Tab 1, Schedule 1, Attachment 2. Through the NGEF, the Project will receive \$2.8 million in dedicated funding.

¹ OEB Staff Submission, June 22, 2022, p. 2.

² Exhibit B, Tab 1, Schedule 1, Attachment 4.

9. The Company expects that a total of 112 residential customers will be attached by year 10 of the Project. A customer attachment forecast showing the Company's 10-year growth forecast for customer additions in Haldimand Shores was included at Exhibit B, Tab 1, Schedule 1, Table 2. The customer attachment forecast assumes a 78% capture rate, which is derived from independent market research performed by a third-party (Forum Research) conducted within the Project area. Enbridge Gas is confident that this forecast remains accurate.

10. In response to interrogatories posed by OEB staff, Enbridge Gas stated:

The Company expects that the 78% attachment forecast remains accurate based on the ongoing support expressed from the Township of Alnwick/Haldimand, interest expressed during customer outreach activities, and the quantity of applications received within two weeks of the customer information kiosk. At this preliminary stage of the Project, Enbridge Gas is at various stages of execution on applications for natural gas for approximately 21 customers (approximately 20% of total 10-year forecasted connections and 70% of year 1 forecasted connections).³

11. Enbridge Gas does not agree with Pollution Probe's submission that survey response rate is "poor".⁴ As stated in response to Exhibit I.STAFF.1:

Enbridge Gas considers the 22% response rate acceptable for the Project. Response rates vary significantly by community. For community expansion surveys completed in 2020, response rates ranged from 17% to 64% and the average response rate was 39%. In each case, the Company attempts to achieve a census in the Project area.

12. Further, in Enbridge Gas's application and evidence as well as in responses to interrogatories, the Company described extensive consultation with the

³ Exhibit I.STAFF.1, part f).

⁴ Pollution Probe Submission, June 22, 2022, p. 3.

community of Haldimand Shores and the support for the Project that has been expressed by both the Township of Alnwick/Haldimand as well as the residents of the community of Haldimand Shores.⁵

13. As noted in Exhibit I.STAFF.2, the current design scope of the proposed facilities can support connections up to a 100% connection rate (142 customers) in the Project area, enabling Enbridge Gas to accommodate additional connections should the capture rate exceed the Company's customer attachment forecast.⁶

14. Pollution Probe also makes several submissions on the relevance of DSM to community expansion projects. As described by Enbridge Gas in response to Exhibit I.PP.4, Enbridge Gas's mass marketing DSM materials are available to all existing and potential customers, additionally:

The Company is currently working to understand what communication and/or process changes would best serve potential new customers during community expansion to maximize provision of DSM/energy efficiency at a critical decision-making point for consumers so that they can make more informed decisions when renovating. The Company will implement any changes as soon as practical, most likely before the end of the year and has every incentive to do so under both the current DSM Framework and DSM Plan and under the proposed DSM Framework and DSM Plan that is currently before the OEB (EB-2021-0002).

15. Enbridge Gas maintains that need for the Project has been clearly established. OEB staff affirms this in their submission:

Enbridge Gas has established the need [for] the Project. OEB staff submits that the Project is one of the community expansion projects selected by the Ontario Government to receive NGEF funding in support of the government's efforts to have gas distribution service made available to communities in Ontario that are not currently served. In addition, OEB staff submits that the Project is substantively unchanged from the original estimate that underpinned the NGEF funding in terms of customer attachments and cost and therefore, is still needed.⁷

⁵ Letters of support from the Township of Haldimand/Alnwick can be found at Exhibit B, Tab 1, Schedule 1, Attachments 1 and 3. A description of consultation activities and community support can be found at Exhibit I.STAFF.1, part e) and I.STAFF.2 part a).

⁶ Exhibit I.STAFF.2 parts b) and c).

⁷ OEB Staff Submission, June 22, 2022, p. 5.

PROJECT ALTERNATIVES

16. On the issue of Project alternatives, Enbridge Gas has described that the Project was designed in response to the Government of Ontario's Access to Natural Gas Act, 2018 and NGEF. Accordingly, a description of the proposed Project (including preliminary facility design and estimated Project costs) was submitted to the OEB and the Government of Ontario for review. On the basis of the proposal, the Project was selected for funding under Phase 2 of the NGEF. As a result, Enbridge Gas did not assess other facility alternatives. Due to the simplicity of the Project and the relatively small Project area, no routing alternatives were identified for the Project.
17. Pollution Probe uses a calculated per customer Project cost of \$36,150 to assert that lower cost alternatives to the Project exist, such as heat pumps, but provides no analysis to support that claim.⁸ The Company does not agree that Pollution Probe's calculation of Project cost per customer represents a reasonable comparison for Project alternatives. Further, as Pollution Probe provides no analysis to support their claim that more cost effective alternatives exist, their submission should be disregarded by the OEB.
18. Pollution Probes also submits that the current proceeding is focused on the Project and is not focused on alternatives to the Project. Enbridge Gas suggests this is appropriate given that the Project description (including preliminary facility design and estimated Project costs) was submitted to the OEB and Government of Ontario and on the basis of that proposal, the Government of Ontario selected the Project for NGEF funding with the express purpose of expanding access to natural gas in unserved areas of Ontario.

⁸ Pollution Probe Submission, June 22, 2022, pp. 2-3.

19. OEB staff agrees with Enbridge Gas that the Project represents the best alternative to meet the Project need:

Based on Enbridge Gas's evidence and responses to interrogatories about the alternatives to the Project, OEB staff submits that the Project is the best alternative to meet the stated need.⁹

PROJECT COST & ECONOMICS

20. On the issue of Project costs and economics, Enbridge Gas explained that the total cost of the Project is estimated to be \$4,048,709. Project costs are partially offset by the Phase 2 NGEF funding dedicated to the Project by the Government of Ontario totaling \$2,827,293. To assist with the economic feasibility of the Project, Enbridge Gas will charge a system expansion surcharge ("SES") of \$0.23 per cubic metre to customers attaching in the Project area for a term of 40 years.¹⁰

21. Regarding the 40-year amortization and SES period, Pollution Probe submits that it is reasonable to assume that the likelihood of switching to fossil fuels like natural gas will decrease over time due to the lower cost of other technologies and the increasing decarbonization of community energy in Ontario. However, as Pollution Probe offers no substantive evidence to support its assertions in this regard, their submissions should be disregarded by the OEB.

22. Contrary to Pollution Probe's submissions, and as described in Exhibit I.PP.6, the Company expects the proposed facilities to remain used and useful for their full depreciable life. This expectation is affirmed by: i) the funding assistance legislated by the Government of Ontario, with the express purpose

⁹ OEB Staff Submission, June 22, 2022, p. 5.

¹⁰ The proposed SES is consistent with the criteria and mechanism contemplated in Enbridge Gas's EB-2020-0094 application and approved by the OEB.

to expand access to the Company's natural gas distribution system, ii) the ongoing support expressed from the Community, iii) the level of interest received from outreach/engagement activities in the community and iv) the quantity of service applications received to date to connect to the natural gas distribution system. Additionally, Pollution Probe's submissions on the amortization period for the Project are in respect of ratemaking matters that are not at issue in this proceeding.

23. OEB staff finds that the Project costs are reasonable and that the Project is economically feasible.¹¹

24. OEB staff also submits that after the Project is placed into service, Enbridge Gas should include the original forecasted customer additions and capital costs of the Project that underpinned the NGEF funding proposal in the upcoming 2024 rebasing application and that in the rebasing following the conclusion of the rate stability period ("RSP"), the actual costs and revenues of the Project (including the actual PI) should be presented to the OEB for consideration for inclusion in rates.¹² Enbridge Gas agrees with the submissions of OEB Staff in this regard.

ENVIRONMENTAL IMPACTS

25. On the issue of environmental impacts, in accordance with the OEB's *Environmental Guidelines for the Location, Construction and Operation of Hydrocarbon Pipelines and Facilities in Ontario, 7th Edition, 2016* ("Environmental Guidelines"), Enbridge Gas worked with Stantec Consulting Ltd. to undertake a route evaluation and environmental and socio-economic impact study including a cumulative effects assessment, the details of which

¹¹ OEB Staff Submission, June 22, 2022, p. 7.

¹² OEB Staff Submission, June 22, 2022, p. 8.

are documented in an extensive Environmental Report (“ER”). The ER identifies the environmental impacts associated with the construction of the Project and describes how the Company intends to mitigate and manage these impacts.¹³

26. The Company also provided, in response to OEB staff at Exhibit I.STAFF.6, a table (Table 1) outlining the status and expected timing for receiving permits and approvals for the Project. At this time, the status and timelines presented in Table 1 remain accurate and up to date. Based on the current Project schedule and the expected lead times for these permits and authorizations, Enbridge Gas does not expect significant changes to the Project schedule or expect any issues with obtaining the required permits and approvals.

27. OEB staff has no concerns regarding the environmental aspects of the Project. Further, OEB staff submits that Enbridge Gas has completed the ER in accordance with the Environmental Guidelines.¹⁴

28. In its submission, Pollution Probe makes several assertions regarding environmental Impacts for the Project which Enbridge Gas has addressed below.

29. First, Pollution Probe suggests that it is “likely” that bedrock will be encountered along the pipeline route, resulting in the need for blasting, hoe ramming and other mechanical removal means and that this increases the cost of construction and impacts to environmental and socio-economic features. Pollution Probe provides no evidentiary basis for its conclusions in this regard. Enbridge Gas disagrees that the Company is likely to encounter bedrock along the pipeline route, as the pipeline route is primarily located on

¹³ Exhibit E, Tab 1, Schedule 1.

¹⁴ OEB Staff Submission, June 22, 2022, p. 10.

previously disturbed lands. If bedrock is encountered, the Company expects that hoe ramming would be the preferred construction method, and that no blasting will be required for the Project.

30. Second, Pollution Probe highlights that five watercourse crossings are required for the Project, and that permits will be required prior to construction and all required mitigation measures should be included in the environmental protection plan (“EPP”) for the Project. As shown in the Table 1 at Exhibit I.STAFF.6, Enbridge Gas has already acquired the permit required from the Lower Trent Conservation Authority under Ontario Regulation (O. Reg) 163/06 (Regulation of Development, Interference with Wetlands and Alterations to Shorelines and Watercourses) on February 10, 2022.
31. Lastly, Pollution Probe highlights that the OPCC log (updated June 8, 2022) indicates that most OPCC agencies have not yet responded or signed off on the Project at this time and that further consultation is to be completed prior to construction commencement. Pollution Probe has made similar submissions in proceedings such as the Greenstone Pipeline Project proceeding (EB-2021-0205). In response, the Company asserted (and hereby does similarly) that the Environmental Guidelines do not require a positive confirmation from OPCC members.¹⁵ On this issue, the OEB found that the OPCC was consulted regarding the Project and did not file any concerns, and that ultimately the process related to the review by the OPCC was sufficient.
32. As described in Exhibits E and G, all required permits and approvals as well as the development and implementation of an EPP (including any monitoring programs required) for the Project will be completed prior to the commencement of construction.

¹⁵ EB-2021-0205, Enbridge Gas Reply Submission, January 21, 2022, p. 11.

LANDOWNER IMPACTS

33. On the issue of landowner impacts, Enbridge Gas explained that the land use requirements for the Project require only one permanent easement, which has been acquired from a property owner between Nawautin Drive and North Shore Road. The rest of the Project route follows the public road allowance, and no other easement is required.

34. Enbridge Gas committed to obtain all required permits, easements and temporary land use agreements if and as required for the route and location of the Project prior to commencement of construction. OEB staff submits that the OEB should approve the proposed forms of permanent easement and temporary land use agreement as both were previously approved by the OEB.¹⁶ Pollution Probe makes no submissions on the issue of landowner impacts.

INDIGENOUS CONSULTATION

35. On the issue of Indigenous consultation, Enbridge Gas explained that the Company has been delegated the procedural aspects of consultation with potentially impacted Indigenous groups by the Ministry of Energy (“MOE”). In accordance with the Guidelines, an Indigenous Consultation Report outlining consultation activities Enbridge Gas has conducted has been prepared and provided to the MOE and filed with the OEB.¹⁷ In its submission, OEB staff notes that Enbridge Gas appears to have made efforts to engage with affected Indigenous groups and no concerns that could materially affect the Project have been raised to date.¹⁸

¹⁶ OEB Staff Submission, June 22, 2022, p. 11.

¹⁷ Exhibit G, Tab 1, Schedule 1, Attachments 5 and 6; Exhibit I.STAFF.7, Attachment 1.

¹⁸ OEB Staff Submission, June 22, 2022, pp. 12-13.

36. Enbridge Gas has not yet received a letter from the MOE confirming sufficiency of Indigenous consultation activities on the Project (“Sufficiency Letter”). Enbridge Gas has been in close contact with the MOE regarding the Company’s consultation activities for the Project and is not aware of any outstanding concerns raised by Indigenous groups or reasons why a Sufficiency Letter would not be issued by the MOE.
37. OEB staff submitted that the OEB should wait until the Sufficiency Letter is filed by Enbridge Gas to grant leave to construct for the Project and that in the case that the Sufficiency Letter is not received or filed prior to record close, the OEB could place the proceeding in abeyance until such time that the Sufficiency Letter is filed.¹⁹ Enbridge Gas submits that placing the proceeding in abeyance is not necessary and that the Company would accept the OEB imposing the standard requirement to file the Sufficiency Letter as a condition of approval for the Project, consistent with the OEB’s determinations in other proceedings.²⁰

CONDITIONS OF APPROVAL

38. In its submission, OEB staff supports the application subject to proposed conditions of approval. Appendix A of OEB staff’s submission provide proposed draft conditions of approval for leave to construct.
39. Enbridge Gas hereby confirms its intention to satisfy the conditions as described by OEB staff in its submission and will comply with the final conditions of approval established by the OEB.

¹⁹ OEB Staff Submission, June 22, 2022, p. 13.

²⁰ EB-2017-0261 Decision on Scugog Island Community Expansion Project and EB-2020-0192 Decision on London Lines Replacement Project.

CONCLUSION

40. Considering the Enbridge Gas evidence as summarized above, the clear need for the Project and the support for the Project from the Government of Ontario and OEB staff, the OEB should conclude that the proposed Project is in the public interest and issue an order granting leave to construct the Project, subject to the conditions of approval proposed by OEB staff plus the required filing of the Sufficiency Letter, as applicable.