Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

Commission de l'énergie de l'Ontario
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone: 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273

Ontario

BY E-MAIL

September 1, 2022

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

Dear Ms. Marconi:

Re: Enbridge Gas Inc. (Enbridge Gas)
Application for Panhandle Regional Expansion Project Approval
OEB File Number: EB-2022-0157

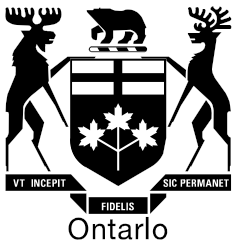
In accordance with Procedural Order No. 1, please find attached OEB staff interrogatories in the above proceeding. The attached document has been forwarded to the applicant and to all other registered parties to this proceeding.

Yours truly,

Original Signed By

Zora Crnojacki
Senior Advisor, Natural Gas Applications

Encl.



OEB Staff Interrogatories

Application for Panhandle Regional Expansion Project Approval

EB-2022-0157

September 1, 2022

OEB Staff Interrogatories
Enbridge Gas Inc.
EB-2022-0157

Please note, Enbridge Gas Inc. is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff interrogatories and any other supporting documentation, do not include personal information (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

ISSUE 1.0 NEED FOR THE PROJECT

1.0 Staff.1 Ref: Exhibit B, Tab 2, Schedule 1, pages 1-2

Preamble:

The proposed Panhandle Regional Expansion Project (Project) consists of two distinct projects: Panhandle Loop and Leamington Interconnect. These two projects are part of the Panhandle System expansion but are geographically separated and the construction schedule and in-service dates are one year apart. The construction of the Panhandle Loop which includes NPS 36 pipeline and ancillary measurement, pressure regulation and station facilities are planned to commence in Q1 of 2023 and be placed into service by November 2023.

The construction of the Leamington Interconnect which includes NPS 16 pipeline and valve-site station (tie-in) facilities is planned to commence in Q2 of 2024 and be placed into service by November 2024.

Questions:

a) Please discuss the rationale for proposing the construction start and in-service date of the Leamington Interconnect, sequentially, approximately one year after the proposed construction start and in-service date for the Panhandle Loop.

b) Please explain why the Panhandle Loop and Leamington Interconnect could not be constructed simultaneously to achieve a single in-service date for the Project with its full incremental capacity achieved in the Winter 2023/2024.

1.0 Staff.2 Ref: Exhibit B, Tab 1, Schedule 1, pages 8 and 9

Preamble:

Enbridge Gas stated that email notice of a follow-up Binding Reverse Open Season to all contract customers in the Area of Benefit was issued on September 29, 2021 and closed on October 15, 2021 (16-business days), that indicated it received no requests for turn-back of capacity. Further, Enbridge Gas stated that it did not receive any communications from customers requesting to reduce their existing firm or interruptible contract demands since the close of the Binding Reverse Open Season.

Enbridge Gas further stated that in addition to the Expression of Interest and Binding Reverse Open Season, customers can de-contract firm or interruptible capacity provided that they meet the notice requirements per the terms and conditions of their distribution contract.

Questions:

a) For Area of Benefit existing contract customers, please provide the total:
   i. number of customers
   ii. contract demand in 10^3m^3/day
   iii. volume weighted average remaining contract term in years as of the projected in-service date of the Project

b) For the Binding Reverse Open Season, please provide:
   i. the number of customers notified and total contract demand in 10^3m^3/day in the Area of Benefit
   ii. the number of customers and total contract demand in 10^3m^3/day that confirmed that they did not wish to turn-back capacity
   iii. the number of customers and total associated contract demand in 10^3m^3/day that did not respond to the September 29, 2021 notice

c) On what basis did Enbridge Gas determine that the 16-business day period between September 29, 2021 to October 15, 2021 was sufficient time for contract customers to make a binding commitment to turn-back customers having consideration for customers that would require senior management approval and/or approval of financiers? How much notice did Enbridge Gas provide existing contract customers that it would be issuing a Binding Reverse Open Season on September 29, 2021 and if this information was communicated how was it communicated?

d) Enbridge Gas at page 9, paragraph 25 stated that contract customers can de-contract firm or interruptible capacity provided that they meet the notice requirements per the terms and conditions of their distribution contract. The use of the term "de-contract" is not clear in this context. Does Enbridge Gas interpret the term "de-contract" to mean that an existing contract customer has the contractual right not to renew the contract term and existing contracted capacity at the end of the contract term? If not, please explain the meaning of "de-contract" in this context.

e) Please provide the contract expiry profile for the Area of Benefit in tabular form for each year over the period 2022 to 2030, the number contract customers by firm and interruptible service whose contract is expiring and the total associated expiring contract demand in 10^3m^3/day. For clarity, please complete the following table.

Area of Benefit - Existing Contract Customer - Contract Expiry Profile									
Annual - 10^3m^3/day	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Firm - 10^3m^3/day									
Interruptible - 10^3m^3/day									
Total									
Annual - No. of Customers									
Firm									
Interruptible									
Total									
Cumulative - 10^3m^3/day									
Firm - 10^3m^3/day									
Interruptible - 10^3m^3/day									
Total									

1.0. Staff.3 Ref: Exhibit B, Tab 2, Schedule 1, page 7, paragraph 20 and page 9, paragraph 26

Preamble:

The Project's incremental capacity is estimated to be 203 TJ/d. Approximately 98% of this capacity is expected to meet the demand of contract rate customers. Enbridge Gas asserted that, at the time of filing the application, 80% of the contract rate customer demand is subject to commitments by those customers. Binding commitments represent 159 TJ/d, including approximately 62 TJ/d of executed firm distribution contracts. Enbridge Gas noted that 100% of the 2023/2024 forecasted incremental demand on the Panhandle System is secured with binding customer commitments.

Questions:

a) Please clarify what the "binding commitments" that are not firm distribution contracts entail.

b) Please provide any updates to the contract rate customers commitments or the executed contracts since filing the application.

1.0 Staff.4 Ref: Exhibit B, Tab 1, Schedule 1, Attachment 1, page 5; Exhibit B, Tab 1, Schedule 1, page 11

Preamble:

Enbridge Gas stated that over 318 TJ/day of interest for incremental firm and interruptible demand over the 2023/2033 period from 44 customers was indicated through an Expression of Interest (EOI). Enbridge Gas provided a table showing its Panhandle Design Day demand forecast.

Questions:

a) Please provide the annual results of the Expression of Interest in each of the three categories:
   i) new firm natural gas needs
   ii) conversion from interruptible distribution service to firm distribution

service
iii) new interruptible natural gas needs

b) Please describe how the results of the Expression of Interest have been incorporated into Enbridge Gas's Panhandle Design Day demand forecast; e.g., are 100% of the volumes from the first two categories in the EOI included within the demand forecast?

1.0. Staff.5 Ref: Exhibit B, Tab 2, Schedule 1, Page 11, Table 3: Panhandle System Capacity, Design Day Demand, and Shortfall

Preamble:

Enbridge Gas stated that the proposed Project is needed to meet the forecasted firm customer demands by November 1, 2023 and beyond.

As part of its filed evidence, Enbridge Gas provided the following table detailing the forecast of the Panhandle System capacity, Design Day Demand, and shortfall. The existing Panhandle System capacity is 713 TJ/d. Without the Project, Enbridge Gas forecast that the Design Day Demand in the winter 2023/2024 will be 744 TJ/d resulting in the first system shortfall of an estimated 31 TJ/d.

Table 3: Panhandle System Capacity, Design Day Demand, and Shortfall

	Historical Actuals		FORECAST									
	Winter 19/20	Winter 20/21	Winter 21/22	Winter 22/23	Winter 23/24	Winter 24/25	Winter 25/26	Winter 26/27	Winter 27/28	Winter 28/29	Winter 29/30	Winter 30/31
Panhandle System Capacity (TJ/d)	725	725	713	713	713	713	713	713	713	713	713	713
Design Day Demand Forecast (TJ/d)	640	656	672	694	744	828	854	880	906	932	958	983
Surplus (shortfall is negative) (TJ/d)	84	69	41	20	(31)	(114)	(140)	(166)	(192)	(218)	(244)	(270)

Questions:

a) Please restate the table above assuming the Project is approved as planned with an in-service date of November 2023 for the NPS 36 pipeline and November 2024 for the NPS 16 pipeline.

b) Please restate the table above showing the forecast of the Panhandle System capacity, Design Day Demand and shortfall in TJ/d with:

i. The additional proposed NPS 36 pipeline only with in-service date of November 2023

ii. The additional proposed NPS 16 pipeline only with in service date of November 2024

c) Please discuss Enbridge Gas's approach to managing the risk of capacity shortfall of the Panhandle System if:

i. The in-service date for the proposed NPS 36 pipeline is delayed

ii. The in-service date for the proposed NPS 16 pipeline is delayed

d) Please discuss Enbridge Gas's approach to accommodate the proposed November 2023 in-service date for the proposed Panhandle Loop in the event that construction start is delayed.

e) Please discuss the impact on construction start and the proposed in-service date of the Leamington Interconnect in the event that the proposed in-service date for the Panhandle Loop is delayed.

1.0.Staff.6 Ref: Exhibit B, Tab 1, Schedule 1, pages 18-19, paragraphs 55 and 56

Preamble:

Enbridge Gas stated that the capacity provided by the Project is intended to ensure the growing Panhandle Market has sufficient capacity until Winter 2028/2029.

In discussion of Project timing and growth plans, Enbridge Gas identified the potential need for a second phase of transmission expansion to meet the demands that are forecasted over the next 20 years. Enbridge Gas stated that it is forecasting the need for this second phase of transmission expansion to take place by Winter 2028/2029.

Question:

a) Please explain the rationale for the assertion that the Panhandle System with the proposed incremental capacity provided by the Panhandle Regional Expansion Project, subject to this application, will not be sufficient to provide the needed capacity to the Panhandle Market beyond Winter 2028/2029?

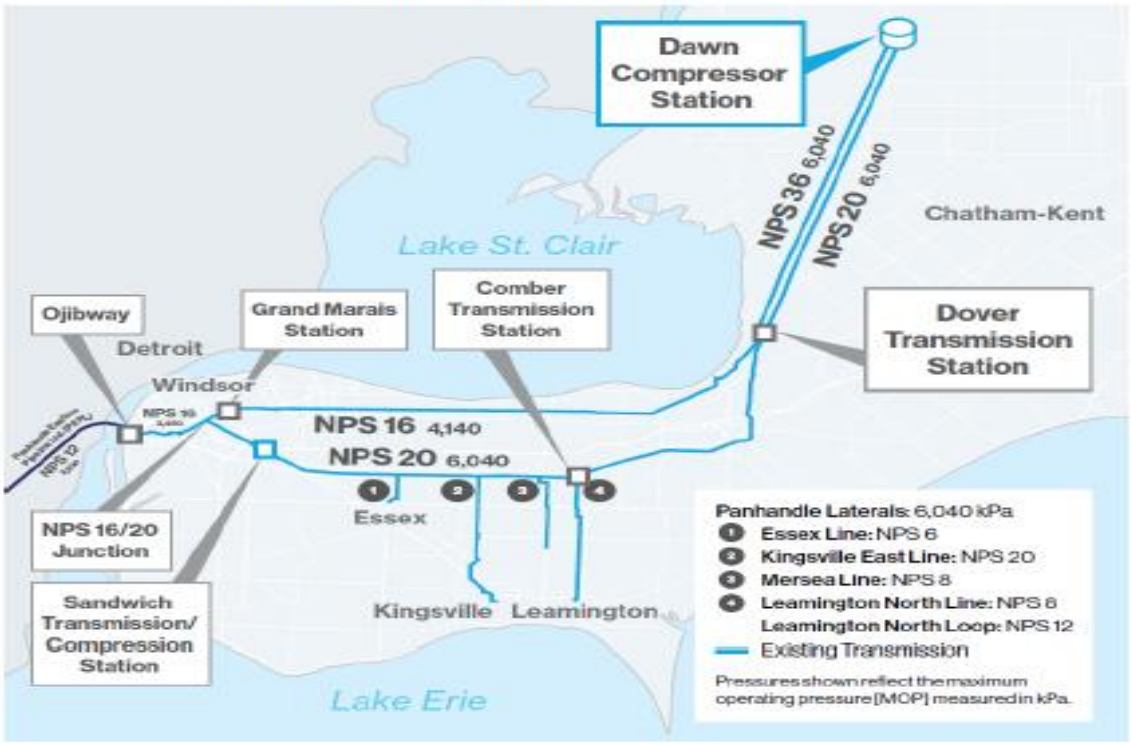
ISSUE 2.0 PROJECT ALTERNATIVES

2.0 Staff.7 **Ref:** Exhibit B, Tab 2, Schedule 1, Page 2, Figure 1: Panhandle System Overview; Exhibit C, Tab 1, Schedule 1, pages 1-25, Project Alternatives; Exhibit C, Tab 1, Schedule 1, page 9, Table 1: Summary of Current Panhandle System Pressure Bottleneck and Proposed Facility Solution

Preamble:

Enbridge Gas provided a diagram of the Panhandle System overview:

Figure 1: The Panhandle System Overview



Enbridge Gas identified two Panhandle System's pressure bottlenecks that need to be eliminated to provide the system capacity to meet the forecast demand growth:

i) The loss of pressure on NPS 20 Panhandle Line between Dover TS and Comber TS (Dover to Comber bottleneck)

ii) The loss of pressure between NPS 20 Panhandle Line and Leamington-Kingsville market (Leamington-Kingsville market bottleneck)

The Project has been selected as a preferred alternative after assessment of:

A. Facility alternatives
   1. Panhandle Loop, to address the Dover to Comber bottleneck, construction of NPS 36 to loop (i.e. parallel to) the existing NPS 20 Panhandle Line west of Dover Transmission Station (TS).

      Leamington Interconnect, to address Leamington-Kingsville market bottleneck, construction of lateral NPS 16 connecting Kingsville East Line, Mersea Line, Leamington North Line and Leamington North Loop.

      The Panhandle Loop and Leamington Interconnect were selected as the best combined alternatives to meet the need determined by Enbridge Gas.

   2. Upsize of the existing NPS 16 Panhandle Line or NPS 20 Panhandle Line west of Dover TS

   3. Liquified Natural Gas (LNG) Plant

B. Integrated Resource Planning Alternatives (IRPA)
   4. Firm 3rd party exchange between Dawn and Ojibway
   5. Demand side management alternative: Enhanced Targeted Energy Efficiency (ETEE)
   6. Trucked Compressed Natural Gas (CNG)

C. Hybrid or combination of facility with IRPA alternative
   7. Firm exchange between Dawn and Ojibway combined with the looping of

the existing NPS 20 Panhandle Line west of Dover TS and installing a Leamington Interconnect lateral NPS 16

Enbridge Gas stated that it employed the following criteria to assess and select the preferred alternative:

1. Economic criteria as a quantitative measure of cost-effectiveness and used the following metrics:
    - Total cost
    - Cost per unit of capacity
    - Net Present Value (NPV)

2. Timing to meet the Panhandle System forecast demand within five years
3. Safety and reliability to provide reliable and safe delivery of firm volumes on the coldest winter day on the Panhandle System
4. Risk management defined as price risk increase once the alternative has been deployed
5. Environmental and socio-economic impact which is defined by Enbridge Gas as qualitative impacts on Indigenous peoples, municipalities, landowners and the environment

Questions:

a) Using the Panhandle System overview diagram please delineate the pipeline facilities alternatives discussed in the evidence. Please use a separate overview diagram for each of pipeline facilities alternatives considered to address the two system bottlenecks.

b) Please provide a table comparing all the alternatives assessed (facilities, IRPA and Hybrid) including the proposed Project. For each alternative provide values (quantitative or qualitative) of the five assessment criteria noted in the evidence. In a separate column explain the rationale for the outcome of the assessment for each of the alternatives.

2.0 Staff.8 **Ref:** Exhibit A, Tab 2, Sched 2, page 2; Exhibit B, Tab 1, Sched 1, page 18

Preamble:

Enbridge Gas noted that the capacity provided by the Project is intended to ensure the growing Panhandle Market has sufficient capacity until Winter 2028/2029. Enbridge Gas indicated that it has also identified the potential need for a second phase of transmission expansion to meet the demands that are forecasted over the next 20 years, with a forecasted 2029 in-service date.

Questions:

a) Please clarify why Enbridge Gas proposed sizing the Project specifically to provide incremental capacity to address a five-year forecasted shortfall (i.e. as opposed to a smaller or larger project that would address the shortfall for a shorter or longer time horizon, respectively).

b) Did Enbridge consider a project alternative (e.g. increasing the pipeline sizes of the Project) that would avoid the need for a second phase of expansion? If so, please describe why Enbridge Gas rejected this option, with reference to factors (e.g., cost per unit capacity/NPV, demand forecast uncertainty, etc.) that contributed to Enbridge Gas's decision.

2.0 Staff.9 **Ref:** Exhibit B, Tab 1, Schedule 1, pages 8-9; IRP Decision and Order (EB-2020-0091), page 94

Preamble:

Enbridge Gas noted that it has not received any interest from customers in turning back firm or interruptible capacity or converting existing firm capacity to interruptible capacity.

Questions:

a) Please provide a status update on the scope and timing of Enbridge Gas's efforts in response to the OEB's direction in the IRP Decision and Order to study how interruptible rates might be modified to increase customer adoption in order to help reduce peak demand.

b) Is Enbridge Gas giving consideration to demand response Integrated Resource Planning Alternatives (IRPAs) for customers (contract or general service) on firm distribution service, either as:
   i. an alternative to the proposed Project. Please describe any such alternative assessed.
   ii. to avoid or defer the potential second phase of transmission expansion beyond 2028/2029 in this region? If so, please describe. If not, why not?

2.0 Staff.10 Ref: Exhibit C, Tab 1, Schedule 1, pages 23-24; Exhibit C, Tab 1, Schedule 1, Attachment 2; Greenhouse Energy Profile Study (IESO website).

Preamble:

Enbridge Gas indicated that an Enhanced Targeted Energy Efficiency IRPA (ETEE) for general service customers was assessed and rejected due to insufficient demand reduction potential.

Questions:

a) Why was the scope of the analysis for this energy efficiency IRPA limited to general service customers, as opposed to the contract customers who are driving incremental demand growth?

b) Has Enbridge Gas considered energy efficiency IRPAs for contract customers to avoid or defer the potential second phase of transmission expansion in this region?

c) Given that all but one of the responses to the Expression of Interest for additional natural gas capacity came from greenhouses, what is Enbridge Gas doing (through its DSM programs), to mitigate the growth in natural gas demand from the greenhouse sector? Has Enbridge adjusted its DSM program mix or outreach strategy to focus more on this sector?

d) Please describe how Enbridge Gas has made use of the analysis in the 2019 “Greenhouse Energy Profile Study” that Enbridge Gas supported.

2.0 Staff.11 Ref: Exhibit C, Tab 1, Schedule 1, pages 14-22

Preamble:

Enbridge Gas provides details on two IRPAs:

i) Exchanges (nominal) between Dawn and Ojibway
ii) Hybrid Alternative consisting of firm exchange between Dawn and Ojibway in combination with looping of the NPS 20 Panhandle Line west of Dover Transmission and installing a Leamington Lateral interconnect

Enbridge Gas noted that it has considered and rejected these alternatives to the Project.

Questions:

a) Please discuss the parameters used in the assessment of each IRP alternative and a Hybrid Alternative noted in the preamble.

b) Please explain the grounds for rejecting exchanges between Dawn and Ojibway alternative and for rejecting the Hybrid Alternative.

ISSUE 3.0 PROJECT COST AND ECONOMICS

3.0 Staff.12 **Ref:** Exhibit E, Tab 1, Schedule 1, pages 2-3, Table 1: Project Cost Comparison – Panhandle Loop, Table 2: Project Cost Comparison- Leamington Interconnect

Preamble:

Enbridge Gas provided the following tables outlining Project cost comparisons for the Panhandle Loop and Leamington Interconnect segments, separately. Each segment has been compared to a recent expansion project on the Panhandle System.

Table 1: Project Cost Comparison – Panhandle Loop

Item No.	Description	(a) Current Project Panhandle Loop	(b) Comparison Forecast 2017 PRP (EB-2016-0186)	(c) Comparison Actual 2017 PRP (EB-2016-0186)	(d) = (a) – (c) Variance to Actual
	Pipeline Diameter *Length (km)* *Pipeline Material*	*NPS 36* *19 km* *Steel*	*NPS 36* *40 km* *Steel*	*NPS 36* *40 km* *Steel*	
1	Materials	56,600,000	23,800,000	24,480,000	32,120,000 (1)
2	Labour, External Permitting and Land, Outside Services	124,100,000	203,754,000	202,374,000	(78,274,000) (2)
3	Contingency	19,200,000	34,133,000	-	19,200,000
4	IDC	3,500,000	2,781,000	1,837,000	1,663,000
5	Total Direct Capital Cost	203,400,000	264,468,000	228,691,000	(25,291,000)
6	Indirect Overheads	43,200,000	-	-	43,000,000 (3)
7	Total Project Cost	246,600,000	264,468,000	228,691,000	17,709,000
8	Total Cost per km	12,978,947/km	6,611,700/km	5,717,275/km	7,261,672/km

Table 2: Project Cost Comparison – Leamington Interconnect

Item No.	Cost Description	(a) Current Project PREP: Leamington Lateral	(b) Comparison Forecast KTRP (EB-2018-0013)	(c) Comparison Actual KTRP (EB-2018-0013)	(d) = (a) – (c) Variance to Actual
	Pipeline Diameter	*NPS 16*	*NPS 20*	*NPS 20*	
	Length (km)	*12 km*	*19 km*	*19 km*	
	Pipeline Material	*Steel*	*Steel*	*Steel*	
1	Materials	13,200,000	7,724,000	8,932,428	4,267,572 (1)
2	Labour, External Permitting and Land, Outside Services	37,300,000	82,931,000	67,912,817	(30,612,817) (2)
3	Contingency	5,200,000	13,599,000	-	5,200,000
4	IDC	1,100,000	1,462,000	691,496	408,504
5	Total Direct Capital Cost	56,800,000	105,716,000	77,536,741	(20,736,741)
6	Indirect Overheads	11,000,000	-	-	11,000,000
7	Total Project Cost	67,800,000	105,716,000	77,536,741	(9,736,741)
8	Total Cost per km	5,650,000/km	5,564,000/km	4,080,881/km	1,569,119/km

Enbridge Gas stated that it is not aware of any other recent and comparable project approved by the OEB. Enbridge Gas noted that costs for these projects are not directly comparable with the cost estimates for the Projects because of differences in the characteristics and timing.

Questions:

a) For Table 1 and Table 2 above, please add rows that show the “material cost per km” and “labour, external permitting and land, and outside services per km.” Please explain the reasons for any variances in both material and labour costs per km as between the Project and the actual costs of the comparison projects.

b) Please advise whether indirect overheads for the Panhandle Reinforcement Project have ever been identified.

c) Please explain why there are indirect overheads forecast for the Project and not for the comparison projects in Tables 1 and 2.

d) Please provide tables, using the same itemized cost description as in Tables 1 and 2 (including the additional rows requested by OEB staff in part (a)), separately comparing

the costs for the Panhandle Loop and the Leamington Interconnect to more recent OEB approved projects that are not on the Panhandle System with a similar pipeline size and length and/or based on customer demand growth. For context, OEB staff would like to see more recent projects to allow for a comparison of material and labour costs in current market conditions.

e) Please provide any other information to support the reasonableness of the cost estimates for each Panhandle Loop and Leamington Interconnect in the context of the significantly higher costs per km for the Project relative to the actual costs of the comparable projects.

3.0 Staff.13 Ref: Exhibit E, Tab 1, Schedule 1, page 1, paragraphs 1 and 2

Preamble:

The total estimated cost of the Project is $314.4 million. Excluding indirect overheads, the total estimated cost is $260.2 million. The contingency rate of 11% is applied to all direct capital costs based on the risk profile of the Project. Enbridge Gas cost estimates are based on "…a class 3 estimate prepared in Q1 2022 as per American Association of Cost Engineers."

Questions:

Please respond to the following questions referring to the entire Panhandle Regional Expansion Project cost estimate and to each of the Panhandle Loop and Leamington Interconnect cost estimates.

a) Please provide an overview of the American Association of Cost Engineers standards and classes of cost estimates as applied to the Project.

b) Please identify the factors of the Project's costs risk profile and Enbridge Gas's strategies to manage these risks in order to reduce use of the contingency budget.

c) Does Enbridge Gas anticipate changes in the 11% contingency for the Project and if so please discuss.

d) Given the maturity of the Project design, please discuss the criteria applied to assign the Project a class 3 cost estimate set by the American Association of Cost Engineers.

3.0 Staff.14 Ref: Exhibit A, Tab 3, Schedule 1, page 5, paragraph 13; Enbridge Gas's 2023 Rates (Phase 1) Application (EB-2022-0133), Exhibit A, Tab 2, Schedule 1, page 2, paragraph 4

Preamble:

Enbridge Gas stated that if the Project meets the criteria for rate recovery through the ICM mechanism, then an ICM request for the costs of the Project may form part of its 2023 Rates (Phase 2) application. Enbridge Gas also stated that upon rebasing, it expects the capital costs associated with the Project will be included in rate base.

In Enbridge Gas's 2023 Rates[1] (Phase 1) application currently before the OEB, Enbridge Gas stated that it will not be proposing an ICM request for 2023 rates "…and as such, there will not be a Phase 2 of the 2023 Rates application".

Questions:

a) Regarding Enbridge Gas's recovery of costs associated with the Project, please confirm that Enbridge Gas will not file an ICM request for the Project.

b) Please advise whether Enbridge Gas intends to include the capital costs associated with the Project in rate base upon rebasing. If so, please confirm whether Enbridge Gas expects to include the costs of the Project in rate base as part of Enbridge Gas's upcoming 2024 rebasing application. Otherwise, please explain Enbridge Gas's plan for the recovery of costs associated with the Project.

C) Considering that the Panhandle Expansion Project consists of two projects with in-service dates on November 1, 2023 and November 1, 2024 respectively, please advise whether it is Enbridge Gas's plan to include the capital cost of the entire Project in the rate base in the upcoming rebasing application for rates effective January 1, 2024.

[1] EB-2022-0133

3.0 Staff.15 Ref: Exhibit E, Tab 1, Schedule 1, pages 4-10; Exhibit E, Tab 1, Schedules 3-7.

Preamble:

Enbridge Gas noted that E.B.O. 134 is the appropriate economic test to apply to the Project, as the Project consists entirely of transmission pipeline infrastructure to which distribution customers do not directly connect.

Enbridge Gas noted that the Stage 1 Discounted Cash Flow (DCF) analysis for the Project shows that the Project has a Net Present Value (NPV) of negative $95 million and a Profitability Index (PI) of 0.63. Enbridge Gas further noted that after the Stages 2 and 3 DCF analyses are applied, the NPV for the Project is between $342 million and $463 million, and the Project is economically feasible.

Questions:

a) Please explain why indirect overhead is not included as part of the cash outflows in the DCF analysis. As part of the response, please provide a reference the E.B.O. 134 Report of the Board.

b) Please discuss the contract demand for contract rate customers and volumes for general service customers used in the calculation of the transmission margin at Exhibit E, Tab 1, Schedule 4. Please explain how these contract demand and volume figures were derived. Further, please explain how these figures align with the statement that 98% of the incremental capacity created by the Project will meet contract rate customer demand.

c) Please provide a detailed calculation supporting the Stage 2 DCF analysis at Exhibit E, Tab 1, Schedule 6.

    i. Please explain the annual energy demand figure used in the Stage 2 DCF analysis. Specifically, please discuss this energy demand figure in the context that it appears that only 2% of the incremental capacity created by the Project is

for general service customers.

ii. Please explain how the fuel mix used in the Stage 2 DCF analysis was estimated.

iii. Please explain the $0.14/$m^3$ price for natural gas used in the Stage 2 DCF analysis.

iv. Please confirm that the natural gas price used in the Stage 2 DCF analysis includes the cost of carbon.

d) Please confirm that only the direct economic benefits associated with the Project are included in the Stage 3 DCF analysis at Exhibit E, Tab 1, Schedule 7.

e) Please explain the GDP Factor and the Jobs Factor used in the Stage 3 DCF analysis.

f) Please confirm that the economic benefits (e.g. GDP impact, taxes, etc.) listed in the Stage 3 DCF analysis are the same as used in previous E.B.O. 134 tests for OEB approved Panhandle projects. If there are any changes relative to previous applications for Panhandle projects, please explain those changes and provide rationale supporting the changes.

ISSUE 4.0 ENVIRONMENTAL IMPACTS

4.0 Staff.16 Ref: Exhibit D, Tab 1, Schedule 1: Environmental Matters, page 13, paragraph 21

Preamble:

Enbridge Gas filed an application with the Technical Standards and Safety Authority (TSSA). Enbridge Gas stated that it has not received any concerns from the TSSA to date and expects to receive a letter indicating that they have completed their review of the design for the Project in the coming months.

Question:

Please provide an update on the status of the TSSA's review of the Project.

4.0 Staff.17 Ref: Exhibit F, Tab 1, Schedule 1: Environmental Matters, page 2, paragraphs 7 and 8

Preamble:

As part of the public consultation, Enbridge Gas held two virtual public information sessions:

- November 17, 2021 to December 3, 2021
- February 14, 2022 to February 28, 2022

Enbridge Gas stated that notification of these virtual information sessions were completed by newspaper publications, letters, social media and radio.

Questions:

a) Please describe the content and timing of the newspaper publications, letters, social media and radio notifications for the sessions

b) Please provide the attendance of these virtual sessions.

c) Please discuss the comments or concerns received in the virtual information sessions and any follow ups Enbridge Gas has undertaken to respond.

4.0 Staff.18 Ref: Exhibit F, Tab 1, Schedule 1: Environmental Matters, page 4, paragraph 13 and Environmental Report, Appendix E: Stage 1 Archeological Assessment Report

Preamble:

An archeological assessment for the Project is required by the *Ontario Heritage Act* and *Standards and Guidelines for Consultant Archaeologist (*2011). Enbridge Gas stated that it would conduct the archeological assessments required by the for the Project during "…the Spring, Summer and Fall 2022". As part of the Environmental Report, Enbridge Gas included the Stage 1 Archeological Assessment Report for the Project. The Stage 1 Archaeological Assessment report recommends that a Stage 2 Archaeological Assessment be conducted for all potentially undisturbed sites within the Project's study area.

Questions:

a) What is the status and projected completion of the surveys and studies required to conduct the Stage 2 Archeological Assessment?

b) What is the anticipated date for filing the Stage 2 Archaeological Assessment Report with the Ministry of Tourism, Culture and Sport (MTCS) for a review?

4.0 Staff.19 Ref: Exhibit F, Tab 1, Schedule 1: Environmental Matters, page 4, paragraph 14 and Environmental Report, Appendix F: Cultural Heritage Assessment Report: Existing Conditions and Preliminary Impact Assessment

Preamble:

As part of the environmental assessment process for the Project, in accordance with the *Ontario Heritage Act*, Enbridge Gas is required to complete a *Cultural Heritage Assessment Report* (CHAR) prior to construction and submit it to the MTCS for review and comment. Enbridge Gas included in the Environmental Report, *A Cultural Heritage Report: Existing Conditions and Preliminary Impact Assessment* (Preliminary CHAR). The Preliminary CHAR concluded that there are no municipally, provincially and/or federally recognized Built Heritage Resources (BHR) and Cultural Heritage Landscapes (CHL) directly (physically) impacted by the Project. Enbridge Gas has committed to the recommendations in the Preliminary CHAR

which is attached to the Environmental Report.

Questions:

a) Please comment if Enbridge Gas has submitted the Preliminary CHAR to the MTCS for review and if any comments were received. If applicable, please describe the comment received and Enbridge Gas's response.

b) Please discuss if there are other MTCS reporting requirements regarding the final CHAR for the Project. If so, what is the anticipated timeline for addressing these requirements?

ISSUE 5.0: ROUTE MAP AND FORM OF LANDOWNER AGREEMENTS

5.0 Staff.20 Ref: Exhibit G, Tab 1, Schedule 1, pages 1-2

Preamble:

The proposed pipelines for the Project total approximately 31 km in length. The Project will require approximately 59.5 hectares (147 acres) of permanent easement. Enbridge Gas will also require approximately 83 hectares (205 acres) of temporary easement for construction and topsoil storage purposes.

Enbridge Gas has initiated meetings with the landowners where temporary or permanent land rights are required and will continue to meet with them to obtain all required land rights.

Questions:

a) Please quantify the total required permanent and temporary easements for the Panhandle Loop and Leamington Interconnect separately.

b) Please identify the permanent and temporary easement agreements that have been obtained since the filing of this application.

c) Please provide an update on the status and prospect of remaining land negotiations where permanent and temporary easements are required. Please include any concerns raised by landowners and Enbridge Gas's responses.

d) Please discuss any expected delays with respect to obtaining the required land rights for the Project and its impact to the construction start and in-service date for the Panhandle Loop and Leamington Interconnect.

5.0 Staff.21 **Ref:** Exhibit G, Tab 1, Schedule 1, pages 4-5, Table 1: Potential Permits/Authorizations for the Project

Preamble:

Enbridge Gas identified the potential permits and authorizations required for the Project and listed them in Table 1 at the reference above.

Enbridge Gas also stated that other authorizations, notifications, permits and/or approvals may be required in addition to those identified in Table 1.

Questions:

a) For each of the potential permits/authorizations listed in Table 1, please confirm if it has been identified as a potential permit/authorization for the Panhandle Loop, Leamington Interconnect, or both.

b) For each of the potential permits/authorizations listed in Table 1, please confirm if it is required for the Project.

c) For each permit/authorization listed in Table 1 that Enbridge Gas requires, please provide an update on the status of the permit/authorization including when Enbridge Gas expects to acquire each required permit/authorization. Please also discuss any anticipated potential delays in acquiring each required permit/authorization.

d) Has Enbridge Gas identified to date any other required permits/authorizations, in addition to those listed Table 1? If so, please describe the required permit(s)/authorization(s), the status and expected date for acquisition of the permit(s)/authorization(s), and whether the permit(s)/authorization(s) are required for the Panhandle Loop, Leamington Interconnect, or both.

ISSUE 6.0 INDIGNEOUS CONSULTATION

6.0 Staff.22 Ref: Exhibit H, Tab 1, Schedule 1, Attachment 6 and Attachment 7

Preamble:

In accordance with the OEB's Environmental Guidelines, Enbridge Gas contacted the Ministry of Energy (MOE) on June 29, 2021 with respect to the Crown's duty to consult related to the Project. The MOE by way of a letter, delegated the procedural aspects of the Crown's Duty to Consult for the Project to Enbridge Gas on August 6, 2021 (Delegation Letter).

In the Delegation Letter, the MOE identified six Indigenous communities that Enbridge Gas should consult in relation to the Project. In a follow-up email on August 6, 2021, the MOE asked that Delaware Nation be included in the engagement and consultation on the Project based on a "best practice based on proximity". On June 10, 2022, Enbridge Gas provided to the MOE the Indigenous Consultation Report (ICR) for the Project. Enbridge Gas filed the ICR and supporting documents with the application's evidence (Attachment 7). Upon its review of the ICR and monitoring the consultation related to the Project the MOE would issue to Enbridge Gas a letter indicating if in its opinion the procedural aspects of consultation undertaken by Enbridge Gas are satisfactory (Letter of Opinion). In accordance with the Indigenous consultation documentation protocol set in the OEB's Environmental Guidelines, Enbridge Gas would file the Letter of Opinion with the OEB.

As part of the evidence, Enbridge Gas filed a summary of the Indigenous consultation activities (Attachment 6). The information Enbridge Gas filed at Attachments 6 and 7 describes the Indigenous consultation up to June 7, 2022.

Questions:

a) Please update the logs on Indigenous consultation activities and engagement since June 7, 2022. Please summarize any issues and concerns that each of the engaged Indigenous communities raised to date.

b) For each of the Indigenous communities consulted, please outline Enbridge Gas's plans, actions and commitments to continue to engage and, as appropriate:

   i) address any concerns

ii) resolve any outstanding issues or otherwise provide accommodation

iii) offer capacity funding

c) Please update the evidence with a summary description and copies of any documentation on communication between the MOE and Enbridge Gas after June 7, 2022 regarding the MOE's review of Enbridge Gas's Indigenous consultation activities.

d) Please obtain an update from the MOE on the status and anticipated timeline of receiving a Letter of Opinion for the Project.

ISSUE 7.0 CONDITIONS OF APPROVAL

7.0 Staff.23 Ref: Exhibit A, Tab 2, Schedule 1

Preamble:

Enbridge Gas has applied for leave to construct facilities pursuant to section 90(1) of the *Ontario Energy Board Act, 1998* (OEB Act).

The OEB's standard conditions of approval for applications filed under section 90 of the OEB Act are provided below.

Questions:

a) Please comment on the standard conditions of approval. If Enbridge Gas does not agree with any of the standard conditions of approval, please identify the specific conditions that Enbridge Gas disagrees with. Please specify any changes, amendments or additional conditions to the standard conditions. Explain the rationale for any proposed changes or amendments.

Application under Section 90(1) of the OEB Act

Enbridge Gas Inc.
EB-2022-0157
DRAFT
Standard Conditions of Approval

1. Enbridge Gas Inc. shall construct the facilities and restore the land in accordance with the OEB's Decision and Order in EB-2022-0157 and these Conditions of Approval.

2. (a) Authorization for leave to construct shall terminate 12 months after the decision is issued unless construction has commenced prior to that date.

   (b) Enbridge Gas Inc. shall give the OEB notice in writing:

   i. of the commencement of construction, at least 10 days prior to the date construction commences
   ii. of the planned in-service date, at least 10 days prior to the date the facilities go into service
   iii. of the date on which construction was completed, no later than 10 days following the completion of construction
   iv. of the in-service date, no later than 10 days after the facilities go into service

3. Enbridge Gas Inc. shall obtain all necessary approvals, permits, licences, certificates, agreements and rights required to construct, operate and maintain the Project.

4. Enbridge Gas Inc. shall implement all the recommendations of the Environmental Report filed in the proceeding, and all the recommendations and directives identified by the Ontario Pipeline Coordinating Committee review.

5. Enbridge Gas Inc. shall advise the OEB of any proposed change to OEB-approved construction or restoration procedures. Except in an emergency, Enbridge Gas Inc. shall not make any such change without prior notice to and written approval of the OEB. In the event of an emergency, the OEB shall be informed immediately after the fact.

6. Concurrent with the final monitoring report referred to in Condition 7(b), Enbridge Gas Inc. shall file a Post Construction Financial Report, which shall provide a variance analysis of project cost, schedule and scope compared to the estimates filed in this proceeding, including the extent to which the project contingency was utilized. Enbridge Gas Inc. shall also file a copy of the Post Construction Financial Report in the proceeding where the actual capital costs of the project are proposed to be included in rate base or any proceeding where Enbridge Gas Inc. proposes to start collecting revenues associated with the Project, whichever is earlier.

7. Both during and after construction, Enbridge Gas Inc. shall monitor the impacts of construction, and shall file with the OEB one electronic (searchable PDF) version of each of the following reports:
   (a) A post construction report, within three months of the in-service date, which shall:
      i. provide a certification, by a senior executive of the company, of Enbridge Gas Inc.'s adherence to Condition 1
      ii. describe any impacts and outstanding concerns identified during construction
      iii. describe the actions taken or planned to be taken to prevent or mitigate any identified impacts of construction
      iv. include a log of all complaints received by Enbridge Gas Inc., including the date/time the complaint was received, a description of the complaint, any actions taken to address the complaint, the rationale for taking such actions
      v. provide a certification, by a senior executive of the company, that the company has obtained all other approvals, permits, licenses, and certificates required to construct, operate, and maintain the proposed project
   (b) A final monitoring report, no later than fifteen months after the in-service date, or, where the deadline falls between December 1 and May 31, the following June 1, which shall:
      i. provide a certification, by a senior executive of the company, of Enbridge Gas Inc.'s adherence to Condition 4
      ii. describe the condition of any rehabilitated land
      iii. describe the effectiveness of any actions taken to prevent or mitigate any identified impacts of construction
      iv. include the results of analyses and monitoring programs and any recommendations arising therefrom
      v. include a log of all complaints received by Enbridge Gas Inc., including the date/time the complaint was received; a description of the complaint; any actions taken to address the complaint; and the rationale for taking such actions

8. Enbridge Gas Inc. shall designate one of their employees as project manager who will be the point of contact for these conditions, and shall provide the employee's name and contact information to the OEB and to all affected landowners, and shall clearly post the project manager's contact information in a prominent place at the construction site.