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Registrar
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September 23, 2022

EB-2022-0088 – Dawn to Corunna Replacement Project Leave to Construct
Pollution Probe Submission

Dear Ms. Marconi:

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

Respectfully submitted on behalf of Pollution Probe.

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EB-2022-0086

ONTARIO ENERGY BOARD

Enbridge Gas Inc.
Leave to Construct Application
Dawn to Corunna Replacement Project

POLLUTION PROBE SUBMISSION

September 23, 2022

Submitted by: **Michael Brophy**

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Consultant for Pollution Probe

Background

Enbridge Gas Inc. (Enbridge) applied to the Ontario Energy Board (OEB) on March 21, 2022, under sections 90 and 97 of the Ontario Energy Board Act, 1998, for an order granting leave to construct approximately 20 kilometres (km) of natural gas pipeline from its Dawn Operations Centre in the Township of Dawn-Euphemia to its Corunna Compressor Station in St. Clair Township. The project also includes station work at the Dawn Operations Centre and the Corunna Compressor Station, required to tie-in the new pipeline. 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.

At the time of this submission the Enbridge-CAEPLA-DCLC confirmed some issues have been provisionally agreed, but that there is no agreement on any issues since the settlement must be a complete package[1]. In accordance with Procedural Order No. 5 for the purposes of their submissions, Pollution Probe has assumed that no settlement has been reached on any issues.

In accordance with Procedural Order No. 5, the following is the written submission of Pollution Probe. Please note that in discussions with other parties, Pollution Probe is aware that some parties are planning to go into more detail in specific areas (e.g. supply side issues) and therefore for efficiency Pollution Probe has tried to not replicate those specific submissions below.

Recommendation

Pollution Probe recognizes the value and importance of the Ontario gas storage system and supports optimizing its value to Ontario consumers in the most logical and cost-effective manner. Nothing in the submission below suggests that the storage system should not continue to provide cost-effective value to Ontario customers. Issues outlined below relate to the specific project proposal put forward in this application and the value of considering more cost-effective alternatives, particularly in consideration of the broader system in which the compressors and storage system operates.

Pollution Probe recommends that the OEB reject the Leave to Construct request in favour of the more prudent and economic alternative of monitoring, maintaining and replacing (if required) compressors. Compressors across Enbridge's system and in particular the storage system connected (directly or indirectly) to the Dawn Hub are numerous and routinely used. The proposed project only includes the retirement and abandonment of 7 of the 11 existing reciprocating compressor units at the Corunna Compressor Station, leaving 4 in place. If the OEB accepts Ebridge's proposal, then a future application would also be needed in the future to deal with the

[1] CAEPLA-DCLC_EGI_Ltr re Issues Resolution Joint Update_20220920

remaining 4 compressors. This project is not really about replacing 7 compressors, but is in fact follows the same trend the OEB has seen in other recent Enbridge proceedings[2] to increase capital pipeline assets without providing or considering proper analysis and alternatives. The OEB has already made it clear that bringing forward incremental capital pipeline projects without proper analysis and justification is not appropriate. It is surprising to see this trend continue. The OEB has also previously urged Enbridge to provide more details about life-cycle costs including abandonment costs and the probability of future under-utilization for these kinds of large capital project requests[3].

Enbridge is also currently out of compliance with the OEB IRP Decision and related IRP Framework issued EB-2020-0091. This compliance gap, as outlined below in this submission, is directly contributing to some of the issues being seen in this application. Pollution Probe expects these planning and decision issues to persist until Enbridge is able to move into compliance with requirements in the OEB IRP Decision and related IRP Framework.

Enbridge has failed to demonstrate the need and urgency for decommissioning the compressors and building an incremental pipeline. It is clearly false that a project that would cost at least $250.7 million[4] amortized over 40 years[5] and have greater net environmental and socio-economic impacts is better than the baseline option of monitor, maintain/repair and replace (if needed) in the future.

There is a high level of redundancy already in place at the Corunna Compressor Station and a pipeline to equal or exceed the full capacity of 7 compressors at the Corunna Station is unnecessary, expensive and beyond the need to serve Ontario rate payers. If the OEB were to approve the proposed pipeline, it will set a precedent and message to Enbridge that there is no need to justify a more costly capital solution when more economic options are available. As mentioned, there are numerous compressors in operation across the storage system and a precedent that suggests incremental capital pipeline can be built (without proper analysis and justification) instead of more cost effective monitoring, maintain/repair and replacement (if needed) could result in billions of incremental costs to rate payers.

Should Enbridge consider applying for replacing compressors with pipelines in the future, the OEB should indicate that a proper assessment of the project must be included, including a proper Integrated Resource Plan (IRP) assessment which was not

[2] E.g. Incremental capital investments that were not properly assessed or needed, such as declined by the OEB in proceedings including EB-2021-0148 and EB-2020-0293.
[3] EB-2020-0293 dec_order_EGI_20220503_eSigned, page 26.
[4] Ref Exhibit D, Tab 1, Schedule 1 , Table 1.
[5] EGI_ARGChief_20220906.pdf, paragraph 34.

provided in this proceeding. Enbridge should also provide clear analysis and demand forecast over the 40 year pipeline amortization period. Building incremental capital pipeline assets that are recovered from rate payers out to 2060 and beyond is not wise given that fossil fuel (e.g. natural gas) use in Ontario will decline over that period, reducing the use of those assets and potentially stranding them[6], which will further increase the rate impacts related to the proposed project[7].

The use of storage assets for unregulated purposes is opaque and Enbridge should file a comprehensive plan that clearly shows what assets are used for unregulated purposes, so rate payers do not (fully) pay for incremental assets that are leveraged for unregulated purposes. Although a good storage system overview presentation was provided by Enbridge during the Technical Conference, details related to how Enbridge uses these assets for unregulated purposes was not provided. Enbridge confirmed that the gas storage system is one integrated system and that storage enhancements are occurring as a result of other proceedings[8].

Given that a landowner agreement in not likely prior to deadline for the Enbridge Reply Argument, the default is that there is currently no agreement and that no issues are actually resolved. **It is recommended that Enbridge clearly list the changes in its Reply Argument that it commits to (if any) related to each issue on the landowner list, so that the OEB and stakeholders know what adjustments should be considered as the OEB deliberates on its decision**. That will also enable the OEB to address the residual gaps in its decision. **It is also recommended that the OEB require an additional formal update on the negotiations by October 4th by the parties in alignment with the due date for Enbridge Reply Argument**.

OEB direction in this proceeding has been the impetus for parties to increase focus on their negotiations. **It is recommended that the OEB consider direction in its decision to advance stakeholder consultation and landowner negotiations earlier in the planning process (or perhaps in advance of filing an application) for all future proceedings so that it is not delayed until the end of the proceeding, like done in this proceeding.**

[6] Stranded natural gas pipelines have been identified as a significant issue for the future in Ontario, including in the recent OEA Energy Platform Report, page 14. OEA_Energy_Platform_2022_FinalWEB.pdf (energyontario.ca)
[7] Examples of municipal plans that identify reduction in natural gas use (often to/near zero between 2030-2050) are plentiful on the OEB record. Examples include EB-2020-0293 and EB-2022-0003.
[8] EB-20222-0086 Enbridge Technical Conference 1 July 27 2022. Page 16, lines 16-18.

Purpose, Need and Timing

This application is not as simple and transparent as it may seem on first glace. In fact, throughout the process of discovery in this proceeding additional information and evidence continued to emerge that will impact the OEB's deliberations.

Enbridge indicates that this project is in response to unmitigated serious and material risks related to obsolescence, reliability, and employee safety[9]. No business case has been created by Enbridge for this project, there has been no DCF analysis[10] and the Enbridge Board of Directors approval is overwhelmingly focused on earnings analysis and impacts with far little consideration of public benefit issues or the issues raised in Enbridge's Argument[11]. Enbridge's evidence was primarily focused on the obsolescence and reliability issues and during the technical conference Enbridge increased focus on its interest to satisfy other objectives including management safety concerns and operational changes intended for the broader storage system. Enbridge's assessment of safety risk between project must be objective, consistent, transparent and reinforced through proper tradeoffs in the Asset Management Plan which includes thousands of potential projects. None of this has occurred. Safety should not be a broad concept to drive earnings from capital projects.

There is no urgency or specific timing required for the proposed project. Enbridge has acknowledged that it is not a new set of issues for this compressor station or other similar compressors that are of the same or older vintage. There is a large variety of more cost-effective options available for Enbridge to consider and implement, including maintaining compressors and supply side contingency options[12], among others.

Managing these issues in a prudent manner at the Corunna Station and for other system compressors does not require OEB Leave to Construct approval and can be done within Enbridge's normal course of business funded through typical prioritization of capital and O&M enveloped available to Enbridge. It is Enbridge's responsibility to prioritizes projects based on priority and the OEB has previously recognized stakeholders concern with increasing capital project requests[13]. Enbridge has operated

[9] EGI_ARGChief_20220906.pdf, paragraph 11.
[10] Required for Leave to Construct projects, but Enbridge indicated it did not complete that anaylsis based on the their proposition this is a "like for like" project.
[11] Exhibit I.SEC.1, Attachment 1, Page 4-6
[12] EGI_ARGChief_20220906.pdf, paragraph 18 indicates one of the supply-side options that is available, but was not required to be used. Having an option available with a small likelihood of being needed is much more cost effective that a 100% chance of spending $250.7 million on the proposed pipeline.
[13] For example, in the EB-2021-0148 Decision the OEB noted the concerns of intervenors regarding the amount of capital being deployed and prioritization (Reference: page 25)

the system in a manner to meet in-franchise and ex-franchise demand while routinely taking compressors out of service for maintain/repair or replacement[14].

Enbridge is in fact proposing to keep compressor unit K705 which is one of the oldest compressors[15]. K705 also has the highest history of maintenance and repairs[16]. Similar to all compressors (at the Corunna Compressor Station and other stations), compressors require monitoring, maintain/repair and sometimes replacement if needed. That is why there is redundancy in the system to enable for this cost-effective approach to occur. It is not possible to compare the importance or urgency of this projects against other relevant projects and facilitates since Enbridge has not completed assessments of other facilities at this point[17].

Enbridge indicates that retiring and abandoning the 7 existing compressor units at CCS would result in the loss of 22,500 hp, which (if not replaced) would lead to: (i) reductions of 5.7 PJ in withdrawal deliverability and 14.7 PJ in injection capacity, thereby reducing EGD rate zone in-franchise storage capacity by 20 PJ from 99.4 PJ to 79.1 PJ, and (ii) a reduction of 0.67 PJ/d in design day storage withdrawal deliverability[18]. This is an academic and theoretical maximum calculation that does not represent any real impact to the deliverability needed to serve Ontario consumers. Compressor maintenance is typical on a rotating basis and as Enbridge confirmed one compressor was offline for 18 months without customer impacts. This is a common occurance. Comparing the removal of 7 compressors against a scenario of running all compressors at maximum capacity is not based in reality or helpful.

It is not realistic to estimate all 7 compressors would not be available if proper monitoring, maintain/repair and replacement (if required) is undertaken for the decades to come. As noted in this submission, gas demand is forecasted to decrease in the future and avoiding or delaying the construction of incremental transmission pipelines will decrease the risk of stranded assets[19]. Enbridge also has indicated that there are supply-side contingency options available if additional gas is required. All of this reinforces the point that project options and alternatives should not be looked at in a theoretical siloed manner, but need to be looks at as part of an integrated system with all the options and opportunities that the broader perspective enables.

[14] Exhibit I.PP.5
[15] KT1.1 Enbridge Technical Conference Presentation, slide 9.
[16] Gannt chart show maintenance/repair events in Exhibit I.PP.5 Attachment 1, Page 2 of 2
[17] EB-20222-0086 Enbridge Technical Conference 1 July 27 2022. Page 105 lines 19-20.
[18] EGI_ARGChief_20220906.pdf, paragraph 35.
[19] Stranded natural gas pipelines have been identified as a significant issue for the future in Ontario, including in the recent OEA Energy Platform Report, page 14. OEA_Energy_Platform_2022_FinalWEB.pdf (energyontario.ca)

During this proceeding Enbridge has also clarified that Enbridge management is planning to move the Tecumseh measurement station as part of this project rather than just address a concern with aging compressors. This further reinforces that a broader storage system plan would have been useful in understanding how this project fits into the broader picture and future project (or applications) that will occur. Filing siloed application without a broader plan to tied them together is inefficient and costly.

Regarding the safety concerns identified by Enbridge. The natural gas (including storage) business comes with myriad of industry safety concerns that need to be managed and prioritized by the utility on a regular basis, including when Enridge ranks annual portfolio spending. Similar concerns were raised by Enbridge when management wanted to ramp up cast iron replacement and the OEB left it to Enbridge to prioritize all these issues within its normal course of business instead of approving additional capital projects. Enbridge confirmed that nothing new has occurred that makes the safety issues at this facility any different than they have been in the past. Even in recent years Enbridge has continues to invest rate payer funds in the Corunna facility which would become stranded if the proposed project were to proceed. It is unclear why management has continued to invest in capital enhancements for this facility for decades if there were credible safety concerns that indicate the facility use should change.

Furthermore, Enbridge does not have (and therefore was not able to provide) any ranking of the proposed project vs. all its other capital priorities from its latest Asset Management Plan (AMP). Listing of the potential project occurred in the 2017 AMP and there have been no significant changes in the AMP since 2017[20]. Enbridge also confirmed that the OEB has not reviewed and approved the most recent AMP referenced in this proceeding[21]. Enbridge confirmed that Enbridge's AMP referenced in this proceeding does not address the required IRP requirements and principles from the OEB's IRP Decision and related IRP Framework[22]. There is no evidence to demonstrate that this project has any urgency or importance in comparison to the thousands of other projects being considered in the AMP. It is being put forward without proper assessment of alternatives[23] and better alternatives are available.

[20] Exhibit I.PP.4
[21] JT 2.1
[22] EB-2022-0086 Enbridge Technical Conference 2 August 02 2022. Page 8, line 2.
[23] EB-2022-0086 Enbridge Technical Conference 2 August 02 2022. Page 10, lines 16-17.

Planning, Demand and Option Consideration

Enbridge has confirmed that the Corunna Compressor Station is one of the stations comprising the storage system centered around the Dawn Hub, which serves (in addition to ex-franchise and affiliate service demand[24]) the Enbridge rate zone including over 2.3 million residential, commercial and industrial customers spread across the Greater Toronto Area, the Niagara Peninsula, Ottawa, Barrie, Midland, Peterborough and Brockville as well as other communities[25]. This is also consistent with the presentation and related system maps provided by Enbridge during the Technical Conference in this proceeding.

In this broader context, the application is not strictly about replacing 7 compressors with a pipeline, but really about how the Enbridge gas storage system and related transmission infrastructure should be assessed and optimized in a cost-effective manner to meet the needs of rate payers. Using a narrow siloed project assessment as done in this application is not prudent since it ignores options and opportunities that a proper assessment would have provided. It may be that Enbridge has a broader storage system plan or strategy (regulated & unregulated), but when requested in this proceeding, Enbridge indicated that nothing is available. Stakeholders also requested materials that relate to the broader storage system plan and opportunities, but Enbridge confirmed it has not conducted a comprehensive assessment of opportunities[26] and does not have any materials that inform operating and/or optimizing the storage and related transmission system in a more efficiency and cost-effective manner. Enbridge also confirmed that storage staff work together on both regulated and unregulated storage opportunities[27] and also suggested that some of the broader (unregulated) plans were provided in a previous application related to unregulated assets[28].

There have been several unregulated storage applications filed with the OEB in recent years[29] that leverage the broader storage infrastructure. Pollution Probe requested participation in gas storage proceedings related to ex-franchise and affiliate use of storage assets, and Enbridge has refuted that Pollution Probe should have the ability to participate in those proceedings since they are for unregulated purposes[30]. Pollution Probe believed that the storages system is a complex integrated system, largely paid for by rate payers and open transparency is required to truly understand how these assets

[24] EB-20222-0086 Enbridge Technical Conference 1 July 27 2022. Page 208, lines 8-11.
[25] EGI_ARGChief_20220906.pdf paragraph 5.
[26] EB-20222-0086 Enbridge Technical Conference 1 July 27 2022. Page 201, lines 4-8.
[27] EB-20222-0086 Enbridge Technical Conference 1 July 27 2022. Page 208 line 16 to Page 209 line 6, plus EB-20222-0086 Enbridge Technical Conference 1 July 27 2022. Page 199 lines 8-11 and 22-23.
[28] EB-20222-0086 Enbridge Technical Conference 1 July 27 2022. Page 15, lines 16-18.
[29] Eg. EB-2020-0256 and EB-2020-0074.
[30] EB-2020-0074 EGI_Correspondence_20200331

are used for in-franchise and ex-franchise or affiliate purposes. Siloed consideration of the Enbridge storage and related transmission system will continue to lead to suboptimal proposals not in alignment with the public interest and burden rate payers with costs without receiving the full benefits.

Enbridge is treating the proposed project as a “like for like” replacement and therefore has not provided any detailed analysis on the future demand on the storage system over the next 40 years, for Ontario consumers or ex-franchise unregulated customers. Clearly, this is not a “like for like” project. This project would fundamentally change the way the storage system is operated, including project costs to move the Tecumseh measurement facilities[31] and operation centre. Enbridge did confirm during the proceeding that this project is not truly a “like for like” replacement and that the term was only meant to compare compression equivalency[32].

Although Enbridge did not provide any justification for future peak demand needs related to the storage system (that Corunna connects to), Enbridge indicated that it assumes that natural gas demand will continue to grow forever. This is an unrealistic assumption that is not based in reality, facts or policy direction. The only reference that Enbridge provides to support its preposition of unending demand growth for natural gas is a generic assumption inserted into the ICF report. The OEB and stakeholders have no ability to validate that assumption since Enbridge declined to provide the ICF report, assumption basis or even ask ICF questions on their report. There is no credible basis to assume unending demand growth for natural gas over the next 40 year (proposed amortization period) and the significantly decreasing use of natural gas scenario outlined in policy, plus Ontario municipal energy and emissions plans are more credible.

Enbridge or other parties may try to discredit the factual basis for declining natural gas use that will occur in Ontario over the next decade or more. Even in the rare event that Ontario’s energy and emission plans are 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 none of the gas demand reductions identified have been considered in the Enbridge project need, economic or planning assumptions. Approving a new pipeline that is not needed is a waste of rate payer funds and creates a significant liability for the future.

[31] Exhibit I.STAFF.12
[32] EB-2022-0086 Enbridge Technical Conference 2 August 02 2022. Page 77 lines 19-27.

IRP Compliance and Requirements

This project is not exempt from IRP alternative consideration. It was identified in the IRP proceeding that a Leave to Construct application process[33] is one appropriate check and balance against inadequate IRP analysis and option consideration[34]. In fact, recent OEB Decisions have repeatedly encouraged Enbridge to undertake in-depth quantitative and qualitative analyses of alternatives that specifically include the impacts of IRP, DSM programs and de-carbonization efforts[35].

Enbridge did not conduct a proper IRP alternative assessment related to this project in alignment with OEB requirements[36]. It appeared that limited IRP alternatives were developed after the pipeline option was already picked and then the comparisons were developed in a way to make the pipeline option look as favorable as possible. Even if that were the case, the evidence is still pointing to the most prudent option as being to monitor, maintain/repair and replace (if required) compressors at the existing station. To the extent that a more comprehensive system analysis and comparison of options is done in the future, there is a possibility that additional options could emerge that are even better over the long term.

Enbridge did conduct a very limited IRP assessment that was a cursory and shallow DSM modelling assessment by Posterity Group. The Posterity Group report indicates the limited nature of the IRP assessment. Even for DSM alone which is one element of IRP, the results underestimate the net benefits to Ontario rate payers to pursue DSM compared to building incremental capital pipelines. When the OEB IRP Working Group requested the Posterity IRP modelling, it was refused[37].

As noted above, this project is proposed to serve the Enbridge rate zone including over 2.3 million residential, commercial and industrial customers spread across the Greater Toronto Area, the Niagara Peninsula, Ottawa, Barrie, Midland, Peterborough and Brockville as well as other communities[38]. That scope alone clearly provides significant opportunities to leverage DSM and other IRP alternatives to decrease customer demand far beyond that considered by Enbridge. This would not only reduce system

[33] And confirmed in EB-2022-0003 Exhibit I.PP.10
[34] Since the EB-2020-0091 Decision all Leave to Construct applications filed by Enbridge have claimed to be exempt or provided inadequate IRP assessments. The OEB has reinforced the need for proper IRP analysis/assessment and in EB-2020-0293 the OEB reiterated that it expects Enbridge to apply proper IRP analysis/assessment.
[35] EB-2020-0293 dec_order_EGI_20220503_eSigned, page 23 and also other Decisions such as EB-2020-0192.
[36] EB-2020-0091 Decision and related IRP Framework
[37] EB-2022-0110 EGI_APPL_updated_20220617, Exhibit H, Tab 1, page 32.
[38] EGI_ARGChief_20220906.pdf paragraph 5.

demand but would also result in significant benefits to Ontario consumers[39]. All these net benefits[40] are lost if the Enbridge proposal is approved.

Enbridge modelling by Posterity Group is not valid and did not use traditional modeling done for DSM opportunities. Stakeholders have requested Posterity Group's modeling in order to conduct an open and objective assessment and this has been refused[41]. The Posterity Model remains a black box for purposes of this proceeding and the scenario results provided in this proceeding are not aligned with real historical results. During the IRP Proceeding, it was identified that the Posterity Model used by Enbridge was modified from the approved OEB DSM modelling to overstate DSM costs and understate DSM results[42].

Furthermore, it is incorrect to compare DSM program costs against a pipeline project costs as Enbridge has done in its Argument. DSM programs provide net economic benefits to Ontario rate payers in the ratio of approximately $3 in benefits for every dollar spend. The most current policy direction to the OEB confirmed that every dollar spent on natural gas DSM has resulted in up to $3 in benefits. The net benefits are even higher than what is outlined in the OEB Mandate Letter when looking at the recent OEB audited results. Of course, DSM results also align with the OEB mandate and policy objectives to reduce greenhouse gas emissions, where an incremental pipeline does not. The math Enbridge should be using is comparing the proposed pipeline costs estimate of $150.7 million against a net rebate of over $300 million if the same funds were spent on DSM with a conservative 3:1 benefit to cost ratio. This makes a DSM option approximately $450 million more cost effective than the pipeline solution. Of course, all of this is a moot point if the pipeline is not really needed and/or if there are more cost-effective alternatives such as monitor, maintain/repair and replace (if required) compressors over time. Pollution Probe certainly encourages Enbridge to increase the rate payers benefits due to increased DSM, but the principal point is that the IRP analysis done in relation to the DSM IRP alternative is entirely inadequate and incorrect. This is not what the OEB and stakeholders expect from a utility that has been delivering DSM for over three decades.

The OEB has recognized the conflicts of interest that Enbridge has between their interest to grow incremental capitalized gas infrastructure vs. the regulatory requirement to properly consider IRP alternatives that are less costly and result in greater net

[39] For example, 2019 DSM results from much fewer than 2.3 million customer participants resulted in net economic benefits to Ontario consumers of $173,401,742 (Reference: EB-2021-0072 EGI_IRR_20210517eSigned, table 8.5).
[40] Included financial benefits, but also health and policy benefits such as reduced emissions in line with OEB objectives and policy rection.
[41] EB-2022-0110 EGI_APPL_updated_20220617. OEB IRP WG Report Exhibit H, Tab 1, Page 32.
[42] Final Transcript EB-2020-0002 EGI DSM Vol 5 April 01 2022, Page 85 lines 4-8.

benefits to Ontario consumers. This was prevalent in proceedings such as the IRP proceeding and most recently in the EB-2021-0002 proceeding[43].

The OEB and stakeholders must believe that Enbridge is 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, it may have restricted Enbridge's ability to complete a proper IRP assessment. The lack of stakeholder consultation and engagement during the project planning process also likely contributed to the limited nature of IRP analysis and options presented by Enbridge. It appears that Enbridge is testing the minimum threshold of IRP analysis that the OEB would accept, rather than fully embracing the OEB's IRP Decision and related IRP Framework requirements. The vast majority of the OEB IRP Working Group comments[44] encapsulate the lack of proper progress and analysis by Enbridge, which has ultimately resulted in little to no effective IRP analysis for any project.

The OEB has highlighted that better analysis and consideration of IRP options is required for several years, even before the IRP Decision and related IRP Framework which requires effective detailed IRP analysis and consideration. For example, in EB-2021-0192 (page 20) the OEB indicated:

"the OEB agrees with Environmental Defence that Enbridge Gas has an obligation to conduct a more rigorous Integrated Resource Planning assessment at the preliminary stage of projects development in future cases. As OEB staff also notes the failure to present detailed analyses makes it unlikely that Enbridge Gas would select an alternative including DSM or other non-build project option. The OEB 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.

The OEB's IRP technical working group recently issued a report on the status of Enbridge progress in relation to the OEB IRP Decision and related IRP Framework. The vast majority of feedback indicated lack of compliance with the OEB IRP Decision and IRP Framework, in addition to refusal to share critical information[45]. This includes non-compliance with the OEB requirements to use a three-component stakeholder engagement process when applying IRP, specifcally (1) gathering stakeholder insight from existing channels; (2) holding regional stakeholder days on an annual basis focused on system needs identified in the Asset Management Plan and options to

[43] Final Transcript EB-2021-0002 EGI DSM Vol 3 March 30 2022, Page 157 line 6-12 and Final Transcript EB-2020-0002 EGI DSM Vol 5 April 01 2022. Page 182 lines 16-23.
[44] EB-2022-0110 EGI_APPL_updated_20220617, Exhibit H, Tab 1, pages 27-32.
[45] EB-2022-0110 EGI_APPL_updated_20220617. OEB IRP WG Report Exhibit H, Tab 1.

address these needs through IRP; and (3) project-specific consultation for specific proposed IRP Alternatives or IRP Plans in a specific geographic region[46]. If these and other IRP requirements has been undertaken it would have resulted in a more credible and complete IRP assessment for this proposed project.

Cost Estimate

The total cost for the Project is estimated to be $250.7 million, including overheads[47]. It is possible that additional changes, mitigation and related costs will be required once the Environmental Protection Plan is completed[48]. Permitting and approvals are not planned to be complete until April 2023[49] and as is explained in the Environmental and Scoio-Economic section below, required construction and mitigation are likely to be much more significant than currently forecasted by Enbridge.

In addition, negotiations with landowners is incomplete at this time and it is possible that issues important to landowners will also need to be added to the project. Should Enbridge proceed with an expropriation proceeding[50], those costs will also add a material increase to the proposed project. At this time, there is not enough information to assess the potential costs and net impacts related to these issues, but they is likely to be a material increase to the project cost estimation in the application.

Since this application was filed, Enbridge has filed its 2023 Rate Application[51] which indicates that this project is no longer under consideration for 2023 ICM treatment. Enbridge expects that, upon rebasing, the net capital costs associated with the Project would be included within rate base[52]. Unless declined or deferred, this proceeding represents the only OEB review for this specific project and budget and any change from what Enbridge has proposed would need to be addressed by the OEB in this decision. It is unclear why Ontario rate payers should pay the full costs for a project like this when the integrated system that this is part of is leveraged for ex-franchise and affiliate transaction purposes. Excluding Enbridge from using these asset for ex-franchise purposes is possible, but not recommended.

[46] EB-2020-0091 Decision, page 7
[47] Ref Exhibit D, Tab 1, Schedule 1 , Table 1.
[48] EGI_ARGChief_20220906.pdf paragraph 72.
[49] Exhibit I.PP.EGIReply.1; Attachment 1
[50] As proposed in Exhibit D, Tab 1, Schedule 1 , Table 1.
[51] EB-2022-0133.
[52] Exhibit I.PP.12

Amortization Period

Enbridge confirmed that the amortization period for the proposed project to be 40 years. It appears that if the OEB grants Leave to Construct Approval for the project as filed, there would be no other OEB review of project costs and it would mean that the project costs would be added to Enbridge rates at rebasing (2024) and be amortized over a 40 year period. Pollution Probe has previously highlighted the challenges with amortizing new pipelines over multiple decades when Ontario municipal energy and emission plans indicate a significant decrease in natural gas over the same period. This is a broader issue that the OEB will need to assess, but is particularly relevant to this and other gas storage system projects. Aside from serving ex-franchise and unregulated purposes, the storage system has a primary purpose to serve Ontario rate payers during peak days. Even ignoring scientific evidence related the increasing average annual temperature[53], the need for current and incremental storage assts to meet peak (in-franchise) gas demand will decrease in line with policy and Ontario municipal energy and emission plans[54].

Environmental and Socio-economic Impacts

This section included issues related to environmental and socio-economic features. Due to the synergies with landowner issues identified in this proceeding, Pollution Probe has also included related landowner issues in this section to be efficient.

Pollution Probe is in receipt of the Enbridge & CAEPLA-DCLC update filed September 20, 2022 which provides the current status of landowner negotiations. A number of issues have been provisionally agreed, but are subject to a full agreement given that the agreement (if successfully concluded) will be a package deal. It is encouraging that some of the issues have provisional agreement and it would be beneficial if the parties are able to complete their negotiations. It is unfortunate that these negotiations could not have advanced earlier in the process and it appears that the OEB direction in this matter has been the impetus for parties to increase focus on their negotiations. **It is recommended that the OEB consider direction in its decision to advance stakeholder consultation and landowner negotiations earlier in the planning process (or perhaps in advance of filing an application) for all future proceedings so that it is not delayed until the end of the proceeding, like done in this proceeding.**

[53] The gas storage system feeds the transmission system and average temperature increases in Canada are two times the average rate for global warming.
[54] Examples provided in EB-2020-0293 PollutionProbe_ARG_20220324 and other OEB proceedings. To avoid duplication, Pollution Probe did not replicate all the materials and evidence in this submission.

Pollution Probe previously indicated to the OEB that the lateness and pace of negotiations would make it difficult to understand what issues (if any) are able to be resolved. The OEB indicated that any issues without agreement should be considered outstanding by parties in their submissions. There are currently no issues that have been fully agreed and therefore at this time all issues on the list remain outstanding. Some of the most important issues (e.g. form of the agreement) remain unresolved.

Given that an agreement in not likely prior to deadline for the Enbridge Reply Argument, the default is that there is currently no agreement and that no issues are actually resolved. **It is recommended that Enbridge clearly list the changes that it commits to (if any) related to each issue on the landowner list, so that the OEB and stakeholders know what adjustments should be considered as the OEB deliberates on its decision**. That will also enable the OEB to address the residual gaps in its decision. **It is also recommended that the OEB require an additional formal update on the negotiations by October 4th by the parties in alignment with the due date for Enbridge Reply Argument**.

Pollution Probe supports the CAEPLA-DCLC recommendations put forward in this proceeding which provides a more adequate level of due diligence and protection than the plans put forward by Enbridge in this proceeding. It may be convenient for Enbridge to apply a landowner agreement from the recent Greenstone pipeline project[55], but it is an apples-to-oranges comparison. The Greenstone project is a small diameter pipeline primarily within a road allowance and therefore applicable to a small number of landowners. This large diameter pipeline will be constructed across active agricultural lands which is very disruptive and can result in long-term residual impacts including soil compaction, topsoil mixing, transport of deleterious organisms (e.g. nematodes), tile drain damage, etc. Landowners are the principal parties impacted by those issues and this Leave to Construct proceeding is the only option to ensure that their interest are protected. If the OEB was not flexible on ensuring that the landowner agreement is appropriate for each case, it could have also applied the previous OEB approved landowner agreement from EB-2016-0186 to the Greenstone project, which would have been similarly inappropriate.

In addition, there are various examples provided in this proceeding of non-compliance[56] by Enbridge in relation to environmental and socio-economic conditions. It is unclear to how the OEB can address non-compliance with landowner agreements or OEB conditions of approval following the Leave to Construct proceeding. Being aware that this has occurred can inform the stringency of monitoring required and supports the

[55] Exhibit G, Tab 1, Schedule 1, Page 2.
[56] CAEPLA-DCLC response to Pollution Probe IR#1.

need for third party reporting in relation to environmental and socio-economic impacts (including the landowner issues list) during and following construction.

Although an agreement on some or all of the landowners issues is supported and preferred, it is important that the OEB does not consider a landowner agreement (if it were to occur) as mitigating all environmental and socio-economic issues relevant in this proceeding. More specifically, the landowner list is a subset of environmental and socio-economic issues of particular interest to the landowners and the OEB will need to consider the full list of relevant issues in its decision.

An Environmental Report was completed for this project, but the detail mitigation plans have not been completed and were not available for OEB or stakeholder review in the proceeding. Permit and approvals remain outstanding and Enbridge is forecasting to have those completed in April 2023. Additional conditions and changes may be required on the permit and approval process is completed, for example watercourse crossing method as outlined below. In addition, Enbridge has not yet received the mandatory approval by the TSSA for the project[57]. The OEB counts on the TSSA for its technical review in Leave to Construct applications. At this time, it is unclear when or if the TSSA will provide sign off on this project.

The Environmental Report also only consider pipeline options and did not assess or consider other alternatives including the baseline option of monitoring, maintain/repairing and replacing (if required) compressors, or any other non-pilepine options. In order to conduct proper IRP analysis, the impacts and costs related to constructing a large diameter cross-country pipeline should have been considered. Even though the Environmental Report did not consider alternatives to an incremental pipeline, it is easy to estimate that environmental and socio-economic impacts related to the pipeline option far exceed any of the other options, including the baseline option of monitoring, maintain/repairing and replacing (if required) compressors.

[57] JT 2.10