

November 16, 2022

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

Dear Ms. Marconi:

**Re: Projects to Expand Access to Natural Gas Distribution (Phase 2)
Hamilton Airport Regional Expansion Project**

Enbridge Gas is writing in relation to section 36.2 of the *Ontario Energy Board Act, 1998* and Ontario Regulation 24/19 (Expansion Funding Regulation), as amended by Ontario Regulation 451/21 effective June 8, 2021.

Section 7 of the Expansion Funding Regulation contemplates that the Ontario Energy Board (OEB) will provide the Independent Electricity System Operator (IESO) with confirmation once the necessary OEB approvals referred to in section 2(1)(b) of the Expansion Funding Regulation have been obtained in relation to a gas expansion project covered by that Regulation. Section 2(1)(b) refers to "all necessary approvals from the [OEB] to authorize the expansion of a natural gas distribution system", which means any one or more of the following approvals as may be applicable to a given project:

- A Certificate of Public Convenience and Necessity under section 8 of the *Municipal Franchises Act*
- A Municipal Franchise Agreement under section 9 of the *Municipal Franchises Act*
- Leave to construct under section 96 of the *Ontario Energy Board Act, 1998* further to an application under section 90

To date, the OEB has provided the IESO with confirmation that all approvals have been obtained in respect of the following projects being developed by Enbridge Gas and listed in Schedule 2 of the Expansion Funding Regulation:

- | | |
|----------------------------------|-------------------------|
| • Burk's Falls | (item 4 of Schedule 2) |
| • Kenora District (Highway 594) | (item 15 of Schedule 2) |
| • Stanley's Olde Maple Lane Farm | (item 27 of Schedule 2) |
| • Perth East (Brunner) | (item 20 of Schedule 2) |
| • Haldimand Shores | (item 12 of Schedule 2) |

As part of its project proposals for funding under Phase 2 of the Natural Gas Expansion Program (NGEP), Enbridge Gas proposed to expand access to gas distribution service to serve the growing business needs in and around the Hamilton Airport Employment Growth District and Red Hill Business Park lands. The proposed project was designed to accommodate the sum of the large volume growth identified through an Expression of Interest process as well as small volume regular rate growth in the region, expected to occur through to 2030. In the project proposal submitted in July 2020 for NGEP Phase 2 funding assistance, Enbridge Gas noted that approvals that would be required for the project included leave to construct for two distinct pipeline components (the Brantford Loop reinforcement and the Port Dover Reinforcement).

The total capital costs included in the original project proposal included the costs of 12 km of NPS12 steel pipe at 6,160 kPa (the Brantford Loop reinforcement), 3 km of NPS4 steel pipe at 1,860 kPa (the Port Dover reinforcement), 1.692 km of NPS6 polyethylene pipe at 420 kPa (the Dickenson Road reinforcement), 0.7 km of NPS4 polyethylene pipe at 420 kPa (the Nebo Road reinforcement), 0.46 km of NPS4 polyethylene pipe at 420 kPa (the Ambitious Court reinforcement), upgrades at four stations and rebuilding two stations to accommodate increased flow in the City of Hamilton.

As outlined in the original project proposal, the allocation of total capital costs for the components of the project was split with 29.5% being attributed to the large volume forecast demands for which funding assistance was sought, and 70.5% being attributed to small volume regular rate growth for which Enbridge Gas was not seeking funding assistance. Table 1 below outlines the facilities identified in the original project proposal, the total capital costs for each facility, and the allocation of the costs of each facility to be attributed to the large volume forecast demands.

Table 1: Original Proposed Facilities – Hamilton Airport Regional Expansion Project

Facility	Facility Estimate (\$)	Large Volume Allocation (%)	Large Volume Allocation (\$)
Brantford Loop – 12 km of NPS 12 ST ¹	\$ [REDACTED] M	29.5%	\$ [REDACTED] M
Port Dover Reinforcement – 3 km of NPS 4 ST ¹	\$ [REDACTED] M	29.5%	\$ [REDACTED] M
Dickenson Road Reinforcement – 1.7 km of NPS 6 PE ²	\$ [REDACTED] M	29.5%	\$ [REDACTED] M
Nebo Road Reinforcement – 0.7 km of NPS 6 PE ²	\$ [REDACTED] M	29.5%	\$ [REDACTED] M
Ambitious Court Reinforcement – 0.46 km of NPS 4 PE ²	\$ [REDACTED] M	29.5%	\$ [REDACTED] M
Stone Church & Nebo station upgrade [16X-604R] ²	\$ [REDACTED] M	29.5%	\$ [REDACTED] M
Upper James & White Church Rd. station upgrade [15X-105] ²	\$ [REDACTED] M	29.5%	\$ [REDACTED] M
Total – All Facilities	\$ [REDACTED] M		\$ [REDACTED] M
NGEP Phase 2 Funding Assistance (Large Volume only)³			\$ [REDACTED] M

¹ Leave to Construct required

² Leave to Construct not required

³ Total amount of NGEP funding to ensure the profitability index (PI) = 1.0 for the large volume allocation.

Upon further analysis of the need and timing for the Brantford Loop reinforcement, for which leave to construct would have been required, Enbridge Gas has determined that this facility is no longer required to support the large volume and small volume forecast demand that would be served by this pipeline. The Port Dover reinforcement component of the original project proposal is also no longer required to support the large volume demand forecast.

As such, Enbridge Gas conducted further analysis to determine which facilities would be required to meet the large volume demand forecast on its own. The revised list of required facilities and associated cost allocation is set out in Table 2 below.

Table 2: Revised Proposed Facilities – Hamilton Airport Regional Expansion Project

Facility	Facility Estimate (\$)	Large Volume Allocation (%)	Large Volume Allocation (\$)
Dickenson Road Reinforcement – 1.7 km of NPS 6 PE ¹	\$ [] M	100%	\$ [] M
Ancaster Gate Station modifications [16W-601] ¹	\$ [] M	100%	\$ [] M
New Hanon Station + 0.5 km of NPS 8 ST ¹	\$ [] M	100%	\$ [] M
Nebo Road Reinforcement – 0.7 km of NPS 6 PE ¹	\$ [] M	100%	\$ [] M
Caledonia Gate Station rebuild [15x-401] ¹	\$ [] M	10%	\$ [] M
Total – All facilities	\$ [] M		\$ [] M
NGEP Phase 2 Funding Assistance (Large Volume only)²			\$ [] M

¹ Leave to construct not required

² Total amount of NGEP funding to ensure the PI = 1.0 for the large volume allocation.

There is a large volume customer constructing a new manufacturing facility that requires the Nebo Road Reinforcement facility to be constructed and placed into service by September 2023. Without the Nebo Road Reinforcement, Enbridge Gas will not be able to serve the customer's natural gas service requirements. It is critical that Enbridge Gas commence construction of this facility no later than June 2023 in time to meet the customer's production start-up date for fall 2023. Enbridge Gas therefore plans to commence construction in June 2023 for the revised proposed facilities. Planning and design activities have commenced to enable Enbridge Gas to be well prepared to meet a construction start date of June 2023.

Enbridge Gas will not require the entire amount of funding as listed in the Expansion Funding Regulation in order to support the required work for the Hamilton Airport Regional Expansion Project's revised proposed facilities listed in Table 2.

The total amount of NGEP Phase 2 funding needed to support the originally proposed project was \$10,331,404. Under the revised project scope and PI, \$2,637,053 of NGEP funding is required to support the large volume component of the project (i.e., ensure that the PI = 1.0). For clarity, no new facilities are needed to serve the forecast demand for small volume load growth in the area.

To the extent there is any variance between the amounts distributed by the IESO to Enbridge Gas and the amounts that Enbridge Gas uses for the purposes of the approved Schedule 2 projects, such as the Hamilton Airport Regional Expansion project, Enbridge Gas tracks those amounts through its regular project cost tracking accounting methods and will retain such amounts until disposed of in accordance with a future order of the OEB.

By this letter, Enbridge Gas is confirming that, to the extent that they were required, all such approvals have been obtained in respect of the following project being developed by Enbridge Gas and listed in Schedule 2 of the Expansion Funding Regulation:

- Hamilton Airport Regional Expansion (Economic Development) Project
(item 13 of Schedule 2)

Should you have any questions on this submission, please do not hesitate to contact me.

Yours truly,

Patrick McMahon
Technical Manager
Regulatory Research and Records
patrick.mcmahon@enbridge.com
(519) 436-5325