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Ms. Nancy Marconi
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December 13, 2022

**EB-2022-0203 – Ridge Landfill RNG Leave to Construct
Pollution Probe Submission**

Dear Ms. Marconi:

In accordance with Procedural Order No. 1 for the above noted proceeding, please find attached Pollution Probe's submission. Pollution Probe has filed this submission in advance of the December 16, 2022 deadline to be of assistance to all parties compiling submissions.

Please reach out should you have any questions.

Respectfully submitted on behalf of Pollution Probe.

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ONTARIO ENERGY BOARD

**Enbridge Gas Inc.
Leave to Construct Application
Ridge Landfill RNG Project**

POLLUTION PROBE SUBMISSION

December 13, 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 August 30, 2022, under sections 90 and 97 of the Ontario Energy Board Act, 1998, for an order granting leave to construct approximately 5.7 kilometres (km) of natural gas pipeline in Blenheim, in the Municipality of Chatham Kent. The proposed pipeline will connect Waste Connections of Canada Inc.'s (Waste Connections) planned renewable natural gas (RNG) facility at Ridge Landfill to Enbridge's distribution system and will be used to transport the RNG that is produced at the facility. In addition, Enbridge plans to construct a RNG injection station. Enbridge has also applied to the OEB for approval of the form of land-use agreements it offers to landowners affected by the routing and construction of the project.

Recommendation

Pollution Probe recommends that the OEB approve the Leave to Construct request for this project, given that Waste Connections has agreed to pay the capital costs and will pay the related annual O&M costs. Even though there could be other (optional) costs related to this project, the OEB will have the ability to assess those costs prior to approving rate recovery. Further discussion related to costs is in that section below.

Purpose, Need & Timing

Pollution Probe generally supports RNG projects as part of the clean energy transition when they clearly demonstrate that the specific RNG supply has a lower carbon intensity (i.e grams of CO²e per MJ) than baseline fossil fuels such as natural gas.

Enbridge indicates that to reduce and manage greenhouse gas emissions, consistent with the Government of Ontario's Climate Change goals, Waste Connections of Canada Inc. ("Waste Connections") plans to construct and operate new RNG gathering, upgrading and compression facilities at the existing Ridge Landfill¹. No information was provided on the RNG carbon intensity to be supplied or whether any emissions credits have been stripped from the landfill gas. Based on the information on the public record in this proceeding it is not possible to validate if the RNG from the Ridge Landfill site will in fact reduce Ontario's emissions in alignment with the Government of Ontario's Climate Change goals. RNG has a wide range of carbon intensity and if any emissions benefits (if they exist) were stripped away via emissions credits (sold separately in the market) the RNG coming from Ridge Landfill would be equivalent to methane or natural

¹ Exhibit B, Tab 1, Schedule 1 Page 1.

gas. It is possible the RNG (or emissions credits) will be sold to BC or other markets where demand for RNG (or emission credits) is higher².

During Enbridge's public consultation the public notice indicated that "the project is expected to reduce greenhouse gas emissions by 110,000 tonnes per year. This is enough to heat more than 18,000 Ontario homes every year or about 40% of the homes in Chatham-Kent"³. Enbridge confirmed that this calculation assumed that the RNG is Net Zero emission (i.e. zero grams of CO₂e per MJ) and that it would displace gasoline⁴. There is no evidence in this proceeding to demonstrate that the RNG from Ridge Landfill is Net Zero emissions or that the RNG will be sold specifically for purposes of displacing gasoline. Publishing any emission reductions estimate need to be credible especially when they are public facing as part of an OEB required consultation process. Lack of credible information undermines public confidence and creates barriers to achieving Ontario's climate change goals.

The OEB does not have guidelines defining what RNG is and how different sources of RNG may reduce carbon (or other) emissions compared to natural gas (i.e. fossil fuel methane). Without proper certification to indicate the emission intensity and related emission credits, RNG should be treated just like regular methane⁵. Defining that process is beyond the scope of this proceeding, but will become more important if Enbridge or the OEB believes that RNG could play a potential decarbonization role in Ontario.

Regardless of this gap in information, it is logical to assume that there are incremental benefits to Waste Connections to sell the RNG into the market in order for them to be willing to incur the contribution in aid of construction (CIAC) to cover the capital costs related to the proposed pipeline and related RNG injection station. In cases where the proponent is willing to provide a CIAC to cover the project costs, it decreases the need to justify the project for other purposes (e.g. emission reductions

Enbridge identified that the proposed project had been assessed through the Enbridge Asset Management Plan process. When responding to Pollution Probe's interrogatory, Enbridge realized that the reference to the Company's 2021-2025 Asset Management Plan ("AMP") at Exhibit B, Tab 1, Schedule 1, Paragraph 3 was referencing an unrelated Project. The current Project is non-core and not included as a project within the core capital forecast used as the basis for Enbridge Gas's rate application. As such,

² Exhibit I.PP.6b

³ Project Public Notice located at Exhibit F, Tab 1, Schedule 1 Appendix F.

⁴ Exhibit I.PP.6

⁵ This is the approach EPCOR already uses for OEB purposes.

there are no references to the proposed Project in the 2021-2025 AMP or the updated AMP filed in the EB-2022-0200 proceeding⁶.

Pollution Probe notes that Enbridge has a current voluntary RNG program and has proposed additional costs for RNG procurement in its 2024 Rebasing Application⁷. Any costs related to these proposals would need to be reviewed in detail by the OEB prior to Enbridge allocating costs to Ontario rate payers. However, based on the information Enbridge has provided in this application this project appears to be a stand-alone capital project to provide access for landfill gas supply to the open market and not related to the RNG initiatives noted above. This is just one of many similar requests⁸ that the OEB should expect and it is important to consider the broader context. Pollution Probe recommends that all projects be included in future AMP iterations to ensure a consistent assessment and treatment.

Use of the Proposed Pipeline

OEB Staff inquired into the ability of interested consumers to attach to the proposed pipeline⁹. Enbridge indicated that it did not plan to enable customers to attach to the proposed pipeline. Pollution Probe understands that Waste Connections is providing a CIAC for the proposed pipeline, but there is nothing which would restrict customers from attaching to the pipeline. The pipeline extending from the injection station to the existing local Enbridge natural gas distribution system is a gas distribution main. The pipeline will become part of the Enbridge regulated assets once constructed and commissioned. Maximizing access to this asset appears to be in the public interest. Once RNG enters the Enbridge system it ceases to be RNG and is just simply methane. Ownership of the RNG (and any environmental credits) is notionally transferred to another party via contract with Waste Connections. In fact, it appears that Enbridge will fill the proposed pipeline with system gas as part of pipeline commissioning and therefore it would actually be system gas the potential customers would be drawing from.

Since filing the current Application, Waste Connections has separately requested natural gas service for the Ridge Landfill facilities from Enbridge Gas (to be served from the Enbridge Gas system)¹⁰. Pollution Probe understands that Enbridge policy only enables one pipeline to each customer site due to safety issues if more than one pipeline were to be connected. This appears to mean that the proposed pipeline may

⁶ Exhibit I.PP.3

⁷ EB-2022-0200

⁸ Enbridge indicated more likely projects in Exhibit I.STAFF.9, Attachment 2, Page 75 of 81. Increased RNG activity is also highlighted in the Enbridge Gas Supply Plan and recent 2024 Rebasing Application.

⁹ Exhibit I.STAFF.1

¹⁰ Exhibit I.PP.1

also be provide natural gas to Waste Connections. If this is not the case and Enbridge intends to build an additional service line to Waster Connections, the additional pipeline provides and additional opportunity to serve those requesting natural gas in the area.

Enbridge, other parties and the OEB may wish to comment on this aspect so Enbridge has clarity on whether it is able to able customers to connect the pipeline or if it is prohibited.

Cost Estimate

Enbridge stated that the total cost of the Project is estimated to be \$11.5 million. Enbridge submits that the Project is economically justified and will not result in additional costs borne by existing ratepayers¹¹. Although the initial capital costs related to the project and related annual O&M costs related to maintenance are proposed to be covered by Waste Connections, there may be additional costs that could be covered by rate payers. This proceeding does not include cost recovery approval and the OEB should have an opportunity to review the full costs related to this project prior to rate payers incurring any costs.

Enbridge is also proposing rate changes impacting RNG injection services as part of its current 2024 Rebasing application and it is unclear if either of these changes will have an impact on Waste Connections or its contract. Enbridge Gas is proposing to harmonize producer injection services under harmonized Rate E80, effective April 1, 2026. Enbridge Gas is also proposing to continue to offer RNG injections services for existing Rate 401 customers under Rate E82. Enbridge Gas is proposing harmonized ex-franchise contract service rate classes effective April 1, 2026. The harmonized Rate E70 combines Rate 331, Rate 332, Rate M12, Rate C1 and Rate M17 Dawn Parkway System transportation into one rate class¹².

As this is a new pipeline asset, there will be increased O&M costs associated with regular annual maintenance (leak survey, valve inspections, corrosion maintenance, etc.). Enbridge Gas's best estimate of these costs is approximately \$5,000-\$10,000 annually. These costs will be covered through the M13 contract¹³.

The proposed pipeline has not been assessed as an individual project with respect to its greenhouse gas ("GHG") emissions impacts. However, the emissions associated with these facilities will be included as part of Enbridge Gas's overall GHG emissions inventory and will be addressed as part of the Company's overall GHG strategy to

¹¹ Exhibit 1, Tab 1, Schedule 1 Page 4.

¹² EB-2022-0200 Exhibit 8, Tab 1, Schedule 2, Attachment 3 Page 2.

¹³ Exhibit I.PP.10a

reduce emissions¹⁴. In a recent Leave to Construct application¹⁵ Enbridge indicated that it intends to purchase offset credits for all new pipelines to reduce their incremental greenhouse gas emissions in alignment with Enbridge's Net Zero policy commitment. It is unclear at this time what those costs would be related to this proposed project, but they will be incremental to the costs outlined in the application. The OEB can be clear that this proceeding is not intended to approve costs related to the proposed project and to the extent that cost recovery is sought in a future proceeding (i.e. EB-2022-0200), Enbridge will need to justify those costs.

Other Issues

Capital Treatment:

Enbridge indicated that it will address its forecast 2024 rate base, in which this Project is included in the 'other' bucket for capital expenditures¹⁶. It is unclear why this project would be recovered from rate payers through capital treatment when the CIAC is intended to result in net capital costs cost of zero. The OEB should be clear that this proceeding does not approve any costs related to the proposed project and to the extent that cost recovery is sought in EB-2022-0200, Enbridge will need to justify those costs.

Basis of Request from Waste Connections: Pollution Probe requested the original request (letter or email) from the supplier [RIDGE (CHATHAM) HOLDINGS, L.P. aka Waste Connections] requesting RNG transportation services from Enbridge¹⁷. Enbridge's response indicated that the original request was the email attachment provided to an interrogatory response¹⁸. Pollution Probe noticed that the email provided was just part of a broader email chain and not the initial request email. For transparency, Pollution Probe recommends that Enbridge refile the interrogatory response with the complete email chain.

Leave to Construct Continuous Improvement Opportunity: Pollution Probe appreciates Enbridge resolving the potential confidentiality issues related to the M13 contract with Waste Connections and filing the full contract. Pollution Probe has completed confidentiality declarations in other proceeding when there was a valid need to redact information, but it is always more efficient, less costly and more transparent when evidence is available on the public record in an unredacted manner. It is also common for some or potentially all landowners impacted by a proposed pipeline to be individual landowners not considered a business. As suggested in Pollution Probe's submission November 7, 2022 it is not generally efficient for multiple stakeholders to complete a declaration in order to review the landowner list when OEB Staff have open access to

¹⁴ Exhibit I.PP.10b

¹⁵ EB-2022-0086

¹⁶ Exhibit I.PP.8

¹⁷ Exhibit I.PP.4a

¹⁸ Exhibit I.PP.2, Attachment 1, Page 1 of 1

the unredacted landowner list. In some cases access to the unredacted landowner list may be required, but Pollution Probe recommends that the OEB consider a practice for OEB Staff to review the unredacted landowner list prior to issuance of Procedural Order No. 1. This would enable the OEB to confirm that based on OEB Staff review it appears that the redacted landowner list only contains redactions related to personal information and not business information.