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March 24, 2023

EB-2022-0247 – Kennedy Station Relocation 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.

Respectfully submitted on behalf of Pollution Probe.

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EB-2022-0247

ONTARIO ENERGY BOARD

Enbridge Gas Inc.
Leave to Construct Application
Kennedy Station Relocation

POLLUTION PROBE SUBMISSION

March 24, 2023

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Background

Enbridge Gas Inc. (Enbridge) applied to the Ontario Energy Board (OEB) on December 7, 2022, under sections 90 and 97 of the Ontario Energy Board Act, for an order granting leave to construct approximately 831 metres (m) of natural gas pipelines in the City of Toronto. Enbridge also plans to relocate a district station and bollard protection system onto a permanent easement. Enbridge states that the project is needed to accommodate the proposed construction of the Metrolinx Scarborough Subway Extension Transit Project. 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.

OEB Considerations

It is always a difficult situation for the OEB and stakeholders when a project which has been in the works for many years[1] is put forward as an emergency Leave to Construct application. This can limit the ability to consider better alternatives that are more cost-effective, less disruptive and better serve the public interest.

The Kennedy Road Relocation Project may seem like a discrete, relatively small project, but it is not hard to predict that there will be many more similar request to the OEB as Enbridge continues working on additional conflicts or growth along Metrolinx transit corridors. These opportunities need to be systematically considered from an Integrated Resource Planning (IRP) analysis perspective to arrive at the best long-term solution. Enbridge has highlighted in its recent Rebasing application that natural gas is expected to be replaced by other alternatives by 2050 which is well before this project is fully depreciated in 2079[2]. This project could be a perfect exemplar of how IRP is meant to achieve logical, cost-effective energy solutions in Ontario.

If the OEB grants Leave to Construct approval for the proposed project (in whole or part), it would be doing so knowing that the capital assets outlined in the application will become stranded, abandoned and/or inadequate within the near future. The OEB is fully aware of the challenge that natural gas stranded assets pose for the future and limiting this liability now is the only mitigation option[3]. This project was poorly planned, lacked proper consultation, is missing a long-term solution and is not in the public interest as currently proposed. Enbridge should consider more appropriate and cost-effective IRP

[1] Exhibit I.ED.3

[22] This project would be fully depreciated in 2079 and the energy transition away from fossil gas is occurring between now and 2050. Please see EB-2022-0200 Exhibit 1, Tab 10, Schedule 5, Attachment 2, Page 3 Figure ES-2 as an example.

[3] 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)

and planning options instead of building short-term pipelines that will clearly become stranded, abandoned and/or inadequate in the next few years.

The project is actually two separate pipeline segments that are not directly connected and are planned to be constructed using different timelines (see phases summary below), plus ancillary facilities[4]. The total cost of Phase 1 and Phase 2 is $4,565,577 and the costs of ancillary facilities (e.g. new services, etc.) is $793,959[5]. The abandonment elements do not require Leave to Construct approval and those costs are deal with in a different manner than new capital pipelines.

Phase 1 proposed to be completed May 2024[6]:

- 310 m of Nominal Pipe Size ("NPS") 4 Polyethylene ("PE") Intermediate Pressure ("IP") gas main relocation and
- 120 m of NPS 2 PE IP service relocation
- 25 m of NPS 4 PE IP gas main relocation (corrected from original evidence)[7]

Phase 2 proposed to be completed July 2025[8]:

- 30 m of NPS 8 Steel Coated ("SC") High Pressure ("HP") gas main relocation.
- 330 m of NPS 8 PE IP gas main relocation.
- 16 m of NPS 6 PE IP gas main relocation[9]

In this specific case, the 22 strip mall customers that currently use natural gas for space and/or water heating could be served in the near term by lower cost options (e.g. electrical or propane) for space and/or water heating rather than installing $5.4 million of new pipelines that Enbridge proposes to amortize of the next 55 years[10]. Enbridge's proposal also includes brand new services to the strip mall customers that may never be used. The Metrolinx Transit Corridor and related Kennedy Relocation pipeline area are a high density multi-residential and commercial corridor which will experience significant growth over the next decade. These strip malls will certainly be closed and demolished within a few years consistent with all the strip malls along the entire Metrolinx transit project, in favour of high density mutli-residential and commercial buildings.

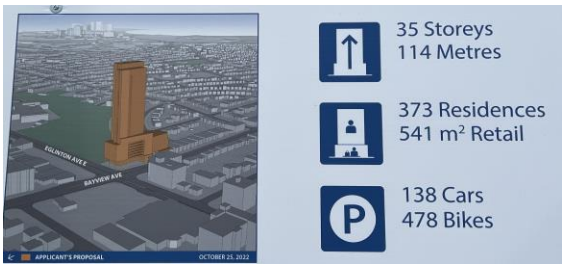
[4] Exhibit I.PP.4
[5] EB-2022-0247 Exhibit E, Tab 1, Schedule 1, Table 1
[6] EB-2022-0247 Exhibit B, Tab 1, Schedule 1 Table 1
[7] Exhibit I.STAFF.6, Attachment 1
[8] EB-2022-0247 Exhibit B, Tab 1, Schedule 1 Table 2
[9] Exhibit I.STAFF.6, Attachment 1
[10] Exhibit I.PP.10

Enbridge confirmed that it has done no inquiries or planning in relation to the long-term development plans and energy needs for the proposed pipelines. Enbridge also did not have direct contact or communication with the customers impacted by the proposed project to understand their actual need for natural gas[11]. No new customers will be served as a direct result of the new section(s) of pipe, as the facilities are designed to match the existing system capacity[12].

Figures 1 and 2 below provide simple illustrative examples from a similar Metrolinx Transit project in the City of Toronto.

Figure 1: Example Strip Mall along Metrolinx Transit Project in Toronto

Figure 2: Example of Proposed Development along Metrolinx Transit Project in Toronto



The option put forward in the application is clearly not the best option available. Instead of spending $5.4 million on short term set of capital assets, the OEB could direct Enbridge to contact the 22 customers to confirm if they even need gas at all. If there is only a short term need for space and/or water hearting until shutting the strip malls down, Enbridge could offer to provide a short-term solution (e.g. incentive for electric or propane space and/or water heating). If the customers reject the offer for the more cost-

[11] Exhibit I.PP.7
[12] Exhibit I.PP.2

effective solution and only wants short-term natural gas, then any required assets should use an asset life based on reality (e.g. a few years) rather than 55 years as proposed.

Considering total project cost of $5.4 million over 22 customers would equate to an approximate cost of $245,000 per customer, so an IRP solution would be significantly more cost effective. Some may suggest that Metrolinx is covering the bill, so don't worry about the cost or longevity of the project. However, $5.4 million is a considerable amount of waste when there are better solutions that are in the public interest. All costs are directly coming from the pockets of Ontario consumer, including rate payers. Consideration of the public interest includes ensuring the best outcomes are achieved.

Alternatives and Costs

Enbridge indicates that it determined that the proposed project is the optimal solution to meeting the identified customer need as it represents the lowest total project cost to resolve conflicts identified by Metrolinx's subway extension project[13]. Enbridge also indicated that it did not consider other options as this proposal seemed like the only viable option[14]. This decision is incorrect and resulted in a lack of effort to consider more cost-effective options that would have provided significantly lower costs, more long-term benefits and removed the issues related to stranded assets. Old style utility decision making is not sufficient to meet the needs of the future and align solutions with the OEB's IRP Decision and related IRP Framework[15].

Enbridge suggests that the project is exempt from IRP due to the fact it proposes construction within three years. Proposing to construct within three years only provides an option for the OEB to consider an exemption, but at the end of the day the OEB must decide if the project should be exempt from IRP. The Leave to Construct process was specifically identified by the OEB as a safeguard against applying exemptions when it is not logical or prudent to do so[16] and is one appropriate check and balance against inadequate IRP analysis and option consideration[17]. Exemption are not automatic and need to be granted by the OEB on a case by case basis. 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

[13] Exhibit C, Tab 1, Schedule 1, pages 4-9
[14] Exhibit I.STAFF.3
[15] EB-2020-0091
[16] And confirmed in EB-2022-0003 Exhibit I.PP.10
[17] 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.

de-carbonization efforts[18]. Regardless, the project was identified more than three years ago to Enbridge and there has been sufficient time in 2022 and 2023 alone to consider more cost-effective long-term alternatives. The options outlined in this submission can be implemented within weeks-months and will not take three years.

It has been clearly difficult for Enbridge to implement proper IRP analysis and IRP alternative implementation since the OEB Decision and IRP Framework in 2021. To-date there has been zero IRP alternatives implemented by Enbridge, despite great interest and support from municipalities such as the City of Toronto. Every Leave to Construct application since the OEB IRP direction in 2021 has been either an exemption request or a superficial IRP assessment that has not adequately considered the cost-effective IRP alternatives available. This persistent gap led to stakeholder consensus flagged in the complete settlement in the 2023 Enbridge Rate Case that Enbridge is not in compliance with the OEB's IRP Decision and IRP Framework[19]. It is also well documented in the most recent OEB IRP Working Group Report[20]. It is important for the future of energy planning in Ontario to move Enbridge project planning into compliance with IRP requirements.

With IRP alternatives failing to be properly considered, despite the OEB's best efforts, new tools must be leveraged for projects like this one. If Leave to Constructs are approved when there are better alternatives available, nothing will change. Longer term, The OEB could direct Enbridge to create a consumer-friendly IRP information package through the OEB IRP Working Group and in coordination with other interested stakeholders.. This resource could be provided to all existing and prospective customers conducting consultation for large projects. The package could provide information links related to IRP alternatives such as heat pumps[21]. This kind of easy approach would ensure that the right information can be easily shared with relevant Enbridge customers in a manner that aligns with OEB and IRP Working Group input.

Environmental and Socio-Economic Issues

This project occurs in a largely disturbed part of the City of Toronto with minimal net environmental impacts as determined by the Environmental Report prepared by Dillon Consulting. Socio-economic impacts will be high based on direct and indirect impacts. Dillon Consulting rightly indicated that "The cumulative effects assessment recognizes that while individual actions may not have a significant effect on the physical, natural, or socio-economic environment, multiple actions of a similar nature that occur over an

[18] EB-2020-0293 dec_order_EGI_20220503_eSigned, page 23 and also other Decisions such as EB-2020-0192.
[19] EB-2022-0133 Exhibit N1 Tab 1 Schedule 1, Page 12. Section 7
[20] EB-2022-0110 EGI_APPL_updated_20220617. OEB IRP WG Report Exhibit H, Tab 1, Page 32.
[21] The recent OEB DSM Decision in EB-2021-0002 indicated that heat pump incentives should be made available including to customers that wanted to use those IRP technologies to stop using natural gas.

extended period of time may have a significant effect"[22]. The proposed project in conjunction with other large projects impacting the same area of homes, businesses, traffic patterns, etc. In particular, disruption along the Metrolinx construction corridors is severe due to Metrolinx and related construction such as projects like this. In some cases it has led to loss of business, economic hardship and other negative impacts. The City of Toronto has highlighted the need to compensate stakeholders along the corridors due to this economic hardship. In these areas of high cumulative impact, it is important to ensure extra effort to communicate impacts to residential and business owners impacted and to consider opportunities to mitigate those impacts.

As notes above, Enbridge did not have direct contact or communication with the customers impacted by the proposed project. It is standard practice during an environmental assessment and project alternative planning to consider these major factors which affect the purpose and need of the project. Open huses are fine, but when the impacts are concentrated to a small number of residences and businesses, direct contact and coordination is a reasonable step to expect. The results of better process could have mitigated part or all of the need for the project.

An additional note relates to the agency consultation process required for Leave to Construct projects. A TSSA application was submitted for project review, but this process is not yet complete[23]. The TSSA review and approval is a critical part of the review process since the OEB is not in a position to conduct the technical and safety related review under the TSSA mandate.

[22] EGI_F-1-1_Attachment 1_Redacted_Updated_20230105. Section 7, Page 52.
[23] Exhibit I.STAFF.8,