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## **VIA EMAIL and RESS**

March 8, 2024

Nancy Marconi  
Registrar  
Ontario Energy Board  
2300 Yonge Street, Suite 2700  
Toronto, Ontario, M4P 1E4

Dear Nancy Marconi:

**Re: Enbridge Gas Inc. (Enbridge Gas or the Company)  
Ontario Energy Board (OEB) File No. EB-2022-0111  
Bobcaygeon Community Expansion Project (Project)  
Argument in Chief**

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In accordance with the OEB's Procedural Order No. 2, enclosed please find the Argument-in-Chief submission of Enbridge Gas in the above noted proceeding.

If you have any questions, please contact the undersigned.

Sincerely,

*Eric VanRuymbeke*

Eric VanRuymbeke  
Sr. Advisor – Leave to Construct Applications

c.c. Charles Keizer (Torys)  
Tania Persad (Enbridge Gas Counsel)  
Judith Fernandes (OEB Staff)  
Intervenors (EB-2022-0111)

**ONTARIO ENERGY BOARD**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B; and in particular sections 90(1) and 97 thereof;

**AND IN THE MATTER OF** an application by Enbridge Gas Inc. for an order granting leave to construct natural gas distribution pipelines and ancillary facilities that make up a Community Expansion Project to serve the community of the City of Kawartha Lakes.

**AND IN THE MATTER OF** an application by Enbridge Gas Inc. for an order or orders approving the proposed forms of agreements for Pipeline Easement and Options for Temporary Land Use associated with the aforementioned application seeking leave to construct.

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**ENBRIDGE GAS INC.**

**ARGUMENT-IN-CHIEF**

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**A. Introduction**

1. Enbridge Gas Inc. (Enbridge Gas or the Company) filed an application (updated June 14, 2023) with the Ontario Energy Board (OEB) under section 90 of the *Ontario Energy Board Act, 1998* (OEB Act) for an order granting leave to construct for the Bobcaygeon Community Expansion Project, EB-2022-0111 (the Project).
2. In the application, Enbridge Gas has also applied to the OEB under section 97 of the OEB Act for approval of the form of land-use agreements it offers to landowners for the routing and construction of the Project.
3. This is the Argument-in-Chief (AIC) of Enbridge Gas in respect of the Project application.
4. The Project will make natural gas available to approximately 3,700 customers in the community of the City of Kawartha Lakes (including Bobcaygeon). Enbridge Gas seeks an order granting leave to construct in the City of Kawartha Lakes and the Township of Cavan-Monaghan natural gas distribution pipelines and facilities that are:
  - (i) A Supply Lateral consisting of approximately:
    - 25 km of Nominal Pipe Size (NPS) 6 inch extra high pressure (XHP) steel (ST) natural gas distribution pipeline,
    - 2 km of NPS 6 inch high pressure polyethylene (HPPE) natural gas distribution pipeline, and
    - 1 km of NPS 6 inch high pressure (HP) ST natural gas distribution pipeline; and
  - (ii) A Reinforcement Pipeline consisting of approximately 8 km of NPS 6 inch XHP ST natural gas pipeline.

5. The Project also includes Ancillary Facilities for which the Company is not seeking leave to construct, comprising 6 regulator stations and approximately 75 km of distribution mains and customer services.
6. The Project is in the public interest and the requested leave to construct should be granted. The Project is required to support the Government of Ontario's Natural Gas Expansion Program (NGEP) and is designed to expand access to safe, reliable, and affordable natural gas to areas of Ontario that do not currently have access to natural gas. The need for the Project is directly supported by the community's municipal government through their request for natural gas for their constituents. Core to the need for the Project is the clearly expressed preference and interest in natural gas service from future customers within the community in question. Through the combination of attachments, NGEP funding and the application of the planned System Expansion Surcharge (SES), the Project is economic.

**B. Project Need**

7. The need for the Project is directly justified by the support of the Government of Ontario through the NGEP and municipal governments as applicable to enable natural gas access for their constituents and the clear and demonstrable interest in natural gas service within the community as derived from the market research survey results, as further discussed below.

***Community Support***

8. The Project will further the Government of Ontario's efforts pursuant to its NGEP. The Project was previously approved to receive funding assistance from Phase 2 of the NGEP. The Government of Ontario describes the NGEP as follows:

The Natural Gas Expansion Program was created under the *Access to Natural Gas Act, 2018* to help expand access to natural gas to areas of Ontario that currently do not have access to the natural gas distribution system. This program encourages communities to partner with gas distributors on potential expansion projects that would not be built without

additional financial support and submit information on these proposals to the Ontario Energy Board.<sup>1</sup>

9. As part of Phase 2 of the NGEF process, on June 9, 2021, the Government of Ontario announced that 28 projects across 43 communities were selected for funding under Phase 2 of the NGEF. The Project was included in those that were selected for funding.<sup>2</sup>
10. Consistent with the NGEF's intent of a partnering between communities and Enbridge Gas to bring natural gas to unserved areas, Enbridge Gas has conducted extensive consultation within the community and its representative government. Support for the Project has come from a variety of sources including the City of Kawartha Lakes, the Township of Cavan-Monaghan, developers in the area, and the residents in the Project area.
11. The City of Kawartha Lakes has emphasized its support for the Project via council resolution and expression of support dated July 10, 2017.<sup>3</sup> In a letter dated December 14, 2021, the City of Kawartha Lakes indicated its written support for the Project and confirmed use of the Kawartha Lakes 2015 Draft Subdivision Plan to support Enbridge Gas's Project growth forecast.<sup>4</sup> On October 21, 2023 the City of Kawartha Lakes filed a letter of comment<sup>5</sup> expressing disappointment that the proceeding had been placed into abeyance creating uncertainty about whether their constituents will have access to natural gas in time for the 2024 heating season. In addition, the letter of comment included letters of support for the Project as attachments dated April 21, 2020 and October 20, 2022. As a result of the Project's regulatory proceeding delay, the timing of the Project included in pre-filed evidence and interrogatory responses

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<sup>1</sup> Government of Ontario, *Natural Gas Expansion Program* <<https://www.ontario.ca/page/natural-gas-expansionprogram#:~:text=The%20Natural%20Gas%20Expansion%20Program,the%20natural%20gas%20distribution%20system>>

<sup>2</sup> Exhibit B, Tab 1, Schedule 1, p. 2.

<sup>3</sup> Exhibit B, Tab 1, Schedule 1, Attachment 2.

<sup>4</sup> Exhibit B, Tab 1, Schedule 1, Attachment 5.

<sup>5</sup> <https://www.rds.oeb.ca/CMWebDrawer/Record/820689/File/document>

require adjustment.<sup>6</sup> Construction of the Supply Lateral is now planned to commence in July 2024 and is projected to be able to begin connecting residences and businesses as early as January 2025 and continuing into the fall.

12. Likewise, the Township of Cavan-Monaghan has emphasized its support for the Project via a letter dated June 1, 2020.<sup>7</sup> Enbridge Gas has also engaged with and obtained letters of support from developers in the area dated from November 15, 2022 to January 31, 2023.<sup>8</sup>
13. To date, eleven letters of comment have been filed with the OEB. Six letters (four of which express support for the Project and/or express interest in connecting to the Project for natural gas service) were received in advance of the filing of Enbridge Gas's written interrogatory responses and are addressed at Exhibit I.STAFF.1. Since the filing of Enbridge Gas's written interrogatory responses, five additional letters have been filed with the OEB. Four of the additional letters express disappointment that the Project's regulatory proceeding has been delayed by the OEB and express support for the Project and/or express interest in connecting to the Project for natural gas service.<sup>9</sup> One letter opposes natural gas expansion, claims that the author's home is heated via electricity and that its total energy bill for 2023 was \$2,400, and asserts that the OEB should be promoting electric heat pumps. Regarding the letter opposing natural gas expansion and promoting electric heat pumps, Enbridge Gas submits that consumers will maintain the ability to choose the energy solution of their preference, including non-natural gas solutions. The Project does not require consumers to attach to the natural gas system. Consumer energy choice is not diminished by the Project and instead is enhanced by making natural gas service

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<sup>6</sup> Exhibit A, Tab 2, Schedule 1, p. 3; Exhibit D, Tab 1, Schedule 1; Exhibit D, Tab 1, Schedule 2; Exhibit I.STAFF.4 part 2; Exhibit I.PP.32.

<sup>7</sup> Exhibit I.ED.3, Attachment 4.

<sup>8</sup> Exhibit B, Tab 1, Schedule 1, Attachment 6.

<sup>9</sup> One of the letters express concerns regarding the inadequacy of the electrical grid should electric heat pumps replace all current heating systems.

available. In fact, the Project and the Government of Ontario's NGEP are squarely focused upon enhancing customer choice with regard to sources of energy, recognizing that energy system/source diversity, cost-effectiveness, and resiliency are highly valued by the affected communities.

14. Enbridge Gas conducted surveys of potential residential and commercial/industrial customers in the Project area, to gauge interest in natural gas service. Enbridge Gas retained Forum Research, an independent third-party research firm, to conduct the most recent surveys of potential residential customers between October 5 and 18, 2022 (the Forum Survey).<sup>10</sup>
15. The Forum Survey informed residents and commercial/industrial consumers about the proposed Project and sought information pertaining to the characteristics of dwellings/buildings, including:
  - their nature (i.e., residential, commercial or industrial space, etc.);
  - the current fuel type relied upon; and,
  - interest in converting to natural gas-fueled equipment and/or appliances.<sup>11</sup>
16. 53% of Forum Survey respondents indicated that they would be likely (extremely likely, very likely or likely) to convert their space heating systems and/or water heaters to natural gas.<sup>12</sup> Furthermore, the Forum Survey indicated that the majority of respondents likely to convert would do so within the first two years of natural gas service becoming available. Enbridge Gas has forecasted that 117 attachments will occur in the first year of the Project.<sup>13</sup>
17. Enbridge Gas also conducted an Expression of Interest (EOI) survey via door to door canvassing, digital marketing and a community open house over an 8 week

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<sup>10</sup> Exhibit B, Tab 1, Schedule 1, Attachment 4.

<sup>11</sup> Exhibit B, Tab 1, Schedule 1, pp. 5-6.

<sup>12</sup> Exhibit B, Tab, 1, Schedule 1, p. 6, para. 12.

<sup>13</sup> Exhibit B, Tab 1, Schedule 1, p. 8, Table 2.



period (November 2022 to January 2023). 459 EOI responses (437 residential and 22 commercial) confirming interest in receiving natural gas services were collected over the 8 week period.<sup>14</sup>

### **Growth Forecast**

18. Informed by Municipal Property Assessment Corporation (MPAC) data and the above survey results showing high level of likely conversions, Enbridge Gas provided an expected ten-year growth forecast for customer additions in the Project area.

Table 1: Projected Customer Additions<sup>15</sup>

Customer Additions		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total Forecasted
<b>Conversions</b>												
Residential Units (Singles)	1874	100	149	149	139	119	119	100	40	40	40	995
Residential Multi-units (Semis, Towns, Apartments)	314	17	25	25	23	20	20	17	7	7	7	168
Commercial/Industrial Units	252	0	16	26	36	35	26	19	8	3	3	172
Total	2440	117	190	200	198	174	165	136	55	50	50	1335
<b>New Construction</b>												
Residential Units (Singles)	1807	0	90	181	361	361	271	271	145	90	37	1807
Residential Multi-units (Semis, Towns, Apartments)	547	0	27	55	109	109	82	82	44	27	12	547
Total	2354	0	117	236	470	470	353	353	189	117	49	2354
<b>Total</b>												
Residential Total	4542	117	291	410	632	609	492	470	236	164	96	3517
Commercial/Industrial Total	252	0	16	26	36	35	26	19	8	3	3	172
Total	4794	117	307	436	668	644	518	489	244	167	99	3689
Total Cumulative		117	424	860	1528	2172	2690	3179	3423	3590	3689	

<sup>14</sup> Exhibit I.STAFF.2 part 4.

<sup>15</sup> Exhibit B, Tab 1, Schedule 1, p. 8, Table 2.

### **C. Alternatives**

19. Based on the Decision and Order for Enbridge Gas's Integrated Resource Planning Framework Proposal (EB-2020-0091) and the Integrated Resource Planning Framework for Enbridge Gas (IRP Framework), Enbridge Gas has applied the Binary Screening Criteria and determined the Project meets the definition of community expansion projects, as defined in the IRP Framework. The IRP Framework Decision explains that "Given the goal of the Ontario Government's Access to Natural Gas legislation to extend gas service to designated communities, the OEB will not require Enbridge Gas to develop an IRP Plan or consider alternatives to the infrastructure facilities to meet this need." Consequently, per the IRP Binary Screening Criteria (iv), the need underpinning the Project does not warrant further IRP consideration or assessment.<sup>16</sup>
20. Considering that the proposed Project was previously reviewed and approved by the Government of Ontario and the OEB for the purposes of granting funding under Phase 2 of the NGEP, Enbridge Gas did not assess other facility alternatives. However, the Company did assess routing alternatives.<sup>17</sup>

### **D. Project Cost and Economics**

21. Based on the results of the E.B.O. 188 analysis and given the NGEP funding and the SES, Enbridge Gas submits that the Project is economically justified. The DCF analysis for the Project was prepared based on the Company's latest feasibility parameters (i.e., long-term debt rates, discount rates, tax rates, etc.), included SES and NGEP funding, over a 40-year time period consistent with E.B.O. 188 and a fixed 40-year SES term as approved in EB-2019-0095.
22. Total estimated cost of the proposed Project is \$115.2 million (including both pipeline and ancillary facilities).<sup>18</sup> Based on the forecast of costs and revenues

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<sup>16</sup> Exhibit C, Tab 1, Schedule 1; Exhibit I.PP.12.

<sup>17</sup> Ibid.

<sup>18</sup> Exhibit E, Tab 1, Schedule 1, p. 1; Exhibit I.STAFF.5 part 1.

before SES and NGEF funding, the Project had a PI of 0.26, which improves to 0.46 with the inclusion of the SES. The Company will require the NGEF funding to support the economic feasibility of the Project. After SES and NGEF funding, the Project currently has a net present value (NPV) of \$0 and a PI of 1.0.<sup>19</sup>

23. Consistent with the OEB's direction in the EB-2020-0094 Decision, upon placing the Project into service, Enbridge Gas will apply a 10-year Rate Stability Period (RSP) during which the Company will bear the risk of the Project customer attachment and capital expenditure forecast.
24. The estimates of Project NPV and PI are subject to change as the Project progresses through the design and construction phase. Any variances from forecasted Project capital cost or revenues, including variances in the customer attachment forecast for the Project, will be managed by Enbridge Gas during the RSP. The final actual PI will be determined using actual information and will be communicated at the next rebasing application after the expiry of the RSP. The OEB has also determined that it will consider any questions about the treatment of any revenue surplus or shortfall beyond the RSP at that same time.<sup>20</sup>

## **E. Environmental**

25. To select the Preferred Route (PR) for the Project, Enbridge Gas retained Stantec Consulting Ltd. (Stantec) to undertake a route evaluation and environmental and socio-economic impact study, which included cumulative effects assessment and Stage 1 Archaeological Assessment (AA). As part of the development of the studies, Enbridge Gas and Stantec implemented consultation programs to receive input from interested and potentially affected parties including Indigenous communities. This input was evaluated and integrated into the applicable studies. Mitigation measures designed to minimize environmental

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<sup>19</sup> Ibid, p. 4.

<sup>20</sup> EB-2019-0188, Decision and Order, May 7, 2020, pp. 12-13; Exhibit I.ED.19; EB-2022-0156, Decision and Order, September 21, 2023, pp. 20-21; EB-2022-0248, Decision and Order, September 21, 2023, p. 20; EB-2022-0249, Decision and Order, September 21, 2023, pp. 19-20.

and community impacts resulting from construction and operation of the Projects were also developed as part of the applicable studies.

26. Using the mitigation measures and monitoring and contingency plans found within the applicable Environmental Report, Environmental Protection Plan (EPP) and additional mitigation measures provided by regulatory agencies through the permitting and approval process, construction of the Project will have negligible impacts on the environment. No significant environmental or cumulative effects are anticipated from development of the proposed pipeline Project. Enbridge Gas will complete the EPP prior to mobilization and construction of the Project.

#### **F. Land Matters**

27. The PR for the Project follows the public road allowance for the majority of the Project's route(s). The PR for the Project may require a bylaw to assume the roads into the municipal open road system or easement where municipal road allowances are not dedicated. Enbridge Gas has/will obtain all necessary consents to construct in road allowance prior to commencing construction.
28. Temporary working areas may be required along the PR where the road allowance is too narrow or confined to facilitate construction. These areas will be identified with the assistance of the contractor that will perform the construction. Agreements for temporary working rights will be negotiated where required. To date, Enbridge Gas has identified and executed agreements for six required temporary workspace locations for the Project.<sup>21</sup>

#### **G. Indigenous Consultation**

29. Enbridge Gas is committed to creating processes that support meaningful engagement with potentially affected Indigenous groups (First Nations and Métis). Enbridge Gas has worked to build an understanding of project related

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<sup>21</sup> Exhibit I.STAFF.10 part 1.

interests, ensure regulatory requirements are met, mitigate or avoid Project-related impacts on Indigenous interests including rights, and provide mutually beneficial opportunities where possible.

30. Enbridge Gas received a Delegation Letter from the Ministry of Energy (MOE) for the Project,<sup>22</sup> indicating that the MOE had delegated the procedural aspects of consultation to Enbridge Gas for the Project.
31. An Indigenous Consultation Report was provided to the MOE on the date of filing the current Application with the OEB. The MOE will review Enbridge Gas's consultation with Indigenous groups potentially affected by the Project and provide its decision as to whether Enbridge Gas's consultation has been sufficient.
32. On September 12, 2023, the MOE advised Enbridge Gas that they are continuing their sufficiency assessment and are monitoring relevant materials submitted to the OEB. While the timing of the letter will likely be closer to the end of record, the MOE does not currently anticipate any delays.<sup>23</sup> Upon receipt of the MOE's decision regarding the sufficiency of Indigenous consultation on the Project, Enbridge Gas will file it with the OEB.

## **H. Conclusion**

33. Based on the foregoing, Enbridge Gas respectfully requests that the OEB issue an order or orders granting leave to construct for the Project pursuant to section 90 of the OEB Act and approving the forms of Temporary Land Use Agreement and Pipeline Easement as set out in Exhibit G, Tab 1, Schedule 1, Attachments 1 and 2 for the Project. Enbridge Gas also respectfully requests that the approvals sought be addressed in a timely manner (and no later than the first week of June 2024), so that Project construction can commence by July 2024.

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<sup>22</sup> Exhibit H, Tab 1, Schedule 1, Attachment 2.

<sup>23</sup> Exhibit I.STAFF.11 part 4.