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Ms. Nancy Marconi
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March 18, 2024

**EB-2023-0260 – Lawrence Avenue East 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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ONTARIO ENERGY BOARD

**Enbridge Gas Inc.
Leave to Construct Application
Lawrence Avenue East Station Relocation**

POLLUTION PROBE SUBMISSION

March 18, 2024

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Background

Enbridge Gas Inc. (Enbridge) applied to the Ontario Energy Board (OEB) under sections 90 and 97 of the Ontario Energy Board Act, for an order granting leave to construct approximately 345 metres of natural gas pipelines in the City of Toronto. Enbridge states that the project is needed to accommodate the construction of the Scarborough Subway Extension Transit Project, which is a collaboration between the Province of Ontario, the City of Toronto, and Metrolinx. Enbridge has also applied to the OEB for approval of the forms of land-use agreements it offers to landowners affected by the routing and construction of the proposed pipelines.

Enbridge indicates that the final design and schedule for the transit project is not available at this time and it is proposed that the Project would be replaced by a longer term solution around 2030 when the final orientation of the Metrolinx project is known and completed¹. The proposed Lawrence Avenue East Station Relocation Project (“Project”) consist of:

- 79 m of NPS 4 inch PE IP temporary gas main relocation along permanent easements on Metrolinx owned private properties.
- 266 m of NPS 6 inch SC HP temporary gas main relocation along permanent easements on Metrolinx owned private properties, along McCowan Road, and along Valparaiso Avenue.

In response to questions, Enbridge identified an additional cost component for this Project related to a service relay that was not originally included in Exhibit E, Tab 1, Schedule 1 at the time of filing. The additional cost of this service relay will increase the Project costs from the original estimate of \$3.55 million to \$3.546 million².

The Project facilities are temporary and a longer-term solution is proposed in approximately 2030. Enbridge indicates that the timing of the proposed temporary and longer-term facilities are as follows³:

- The date the temporary facilities will be installed: Tentatively September 2024
- The date the temporary facilities will be abandoned: Tentatively Q2/Q3 2030
- The date the permanent facilities will be installed: Tentatively Q2/Q3 2030

Enbridge indicates that although no rate base additions are to be recovered from rate payers for the proposed temporary Project, the applicable amortization that would apply to the assets for the Project is 65 years from the date the Project is placed into service.

¹ B/1/1, Page 1 and Exhibit I.PP-1

² Exhibit I.STAFF-4 and Exhibit I.PP-9.

³ Exhibit I.PP-1

In the event that a long-term solution is required, the Project assets will be retired consistent with the treatment prescribed for pipe relocations in the Uniform System of Accounts for Class A Utilities⁴. Based on current information on the public record the temporary facilities will likely be abandoned in 2030 (approximately 5 year life) and a longer-term solution would be installed in 2030 with a 55 year amortization life (used and useful until 2085) or per the OEB approved rules at the time of commissioning.

Enbridge further indicates that “The details and scoping of work for the permanent relocation are unknown at this time because they are dependent on Metrolinx finalizing construction activities and schedule for the Subway Extension”⁵.

OEB Considerations

Enbridge highlights that this Project is similar to the Kennedy Road Relocation project previously reviewed and approved by the OEB. There are some similarities and there are some differences between this Project and the Kennedy Road Relocation project. Enbridge has previously highlighted that no two projects are the same and need to be considered on their own merits. Pollution Probe agrees with that approach. Both projects are related to the Scarborough Subway Extension Transit Project and Enbridge has indicated that it has agreements in place to recover the project costs from Metrolinx⁶. The Kennedy Road Relocation directly impacted 122 customers that would not have access to natural gas if the existing pipeline was removed (i.e. the customers were directly served by the pipeline section proposed to be removed) and also fed part of a distribution system. However, in this case the system is feed from multiple directions and based on the evidence filed no customers would actually loose gas service if the potentially impacted section was removed. As noted below, the only impact of removing the suggested section would be removing an additional feed into the local system that is fed from multiple directions.

If Enbridge plans to recover the Project costs from Metrolinx and protect ratepayers from any financial costs related to the Project, it appears at face value that this Project is not very complicated. In isolation, this appears to be the case. However, under the surface there are issues that should be consideration for this Project and similar projects in the future. For example, the Project is not actually required to provide ongoing gas service to customers in the area. The existing system has bi-direction flow⁷ and will continue to operate without the Project. Enbridge does not need OEB approval to remove a pipeline section once they know the actual orientation of the proposed subway final design. The only benefit of the Project would be the reduced potential risk

⁴ Exhibit I.PP-10b

⁵ B/1/1, Page 1.

⁶ Exhibit I.PP-8

⁷ B/1/1, Page 3, Page 5, Figure 2 and Exhibit I.PP-4.

related to bi-direction flow vs. one directional flow. Enbridge provided a risk assessment which categorizes the risks as low if the Project was not installed⁸. The risks stem from a general risk of a significant damage to the existing pipeline that would not allow sufficient gas flow during a peak heating degree day. Even though this probability is extremely low, if it were to occur the Enbridge risk assessment indicates that a temporary bypass could be leveraged. This is a typical risk mitigation option for similar situations across the Enbridge system. Many areas of Ontario (including in Toronto) are fed through a single feed and risks are managed appropriately.

Enbridge indicated that it does not have a specific policy regarding single vs. dual fed systems⁹. Enbridge has hundreds of thousands of kilometers of gas pipelines that represent a mix of single feed and multi-feed networks. Pollution Probe agrees that multi-directional systems can provide potential risk management benefits (e.g. in the low probability case that a pipeline is damaged sufficiently to significantly reduce or stop gas flow), but there does not appear to be any existing policy or rationale to determine when additional costs are warranted to build additional pipelines to provide multi-directional flows to reduce potential risks. This creates a discrepancy that needs to be better documented and understood, particularly given that building additional redundancy into the gas system also increases costs and the risk and magnitude of future stranded assets. For example, if projects are proposed with a single-feed, does that pose undue risk to rate payers, or is it acceptable? When is it necessary to incur additional costs to feed a system from multiple directions?

It is also unclear what the final design of the Metrolinx station will be and once the final design is known, Enbridge could consider more specific options applicable to the final design. This could minimize temporary pipelines that do not appear to be actually required.

It appears that the specific agreements to ensure reimbursement of actual Projects costs from Metrolinx has not yet been executed¹⁰. Template agreements have been provided and Enbridge suggests that it is confident that it will be able to recover the costs from Metrolinx, rather than have them fall on rate payers. The risks to execute an agreement and recover the costs from Metrolinx should reside with Enbridge.

Enbridge indicates that for the proposed Project (Alternative #3) the proposed NPS 12 SC HP gas main is replaced with an NPS 6 SC HP gas main and the proposed NPS 8 PE IP gas main is replaced with an NPS 4 PE IP gas main. It is unclear why an NPS 12 HP and NPS 8 IP pipelines were approved and installed when an NPS 6 and NPS 4 is

⁸ Exhibit I.PP-4, Attachment 1.

⁹ Exhibit I.PP-4d

¹⁰ Exhibit I.PP-8 – specific agreements filed include templates that are not executed. Specific information such as Project cost estimates are also blank.

considered adequate. Overbuilding of the system (including for the longer term 2030 longer term solution) will result in underutilized assets and greater amounts of stranded assets in the future. Any residual undepreciated capital from the NPS 12/8 pipelines would need to be written off and taken out of rate base when it ceases to be used and useful capital.

The Lawrence Avenue East Station Relocation Project has been submitted as a discrete Leave to Construct request. However, this is just one project in a series of related projects that have either already been filed¹¹ with the OEB or are expected to be filed in the near future¹². Coordination of these projects is conducted over many years¹³ and a more fulsome list of projects related to the Scarborough Subway Extension Transit Project is available. It is always better to provide the full context related to the Project when an application is filed rather than considering projects in isolation. This has been done in other cases in alignment with OEB stated expectations¹⁴. It is recommended that Enbridge provide the full list of projects and related timing when filing similar project applications. Similar to the linear subway project, all of these pipeline projects have a cumulative incremental impact that is required to be considered under the OEB Environmental Guidelines. Socio-economic impacts to commuters and business are high due to the location of projects along this corridor.

A more holistic consideration and context in the area would enable more efficient systematic analysis to arrive at the best long-term solution and related project impacts. This includes other projects in the area, projects being driven by the same driver (i.e. subway alignment) and future pipeline requirements that may become necessary if this Project is approved. This is especially true for projects like the one proposed where the Project is really only a temporary project which will require a longer-term solution to be implemented in the near future [around 2030 as indicated by Enbridge]. Design of the approach for this Project would lock in additional work in the future. This Project would need to be written off when it is replaced by a longer-term solution in the 2030 timeframe.

Municipalities have raised consistent concern with gas pipeline being abandoned in congested road rights-of-way. Installation of short term or unnecessary pipelines that will be abandoned in place further impact the ability for necessary infrastructure (e.g.

¹¹ E.g. Kennedy Road Station Relocation under

¹² Five similar future projects are known at this time per Exhibit I.PP-6c

¹³ Enbridge became aware of the project need in 2016 and more specific details were provided in 2019, per Exhibit I.PP-6

¹⁴ E.g. OEB declining consideration of St. Laurent project elements in an isolated manner without a more fulsome consideration of scope and options.

water, sewer, communications, etc.) in the future. Use of municipal rights-of-way should not be considered a free resource since it come with real costs and impacts.

Enbridge has highlighted in its recent Rebasing application that natural gas is expected to be replaced by other alternatives prior to 2050¹⁵. Project design (for this temporary phase and the longer-term solution) should consider the likely timeframe for which the proposed assets would be used and useful. Enbridge indicated that the proposed Project is only designed for natural gas use¹⁶ and has not been designed for hydrogen. New natural gas pipelines installed are done so knowing that the capital assets outlined in the application will become stranded, abandoned and/or inadequate in the 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 option¹⁷.

Alternatives and Costs

Enbridge considered three pipeline options, but did not include defaulting to a single feed system in its alternative assessment or in the alternative cost information request from OEB Staff. A single feed option would have avoided the Project costs related to the new proposed pipelines.

No IRP alternatives were considered. Enbridge indicated that it is exempt from an IRP assessment if a customer agrees to pay the costs of the Project. The actual wording in the OEB IRP Decision indicates a “Customer-specific builds where a customer fully pays for the incremental infrastructure costs associated with a facility project “¹⁸. Metrolinx does not represent a customer per the contractual agreements¹⁹ with Enbridge and therefore that exception is not applicable.

Enbridge suggests that the project is also exempt from IRP due to the fact it proposes construction within three years. If the OEB agrees that the Project is required within a three year period of when Enbridge became aware of the Project, then the three year exemption could be applied. Enbridge confirmed that it became aware of the Project need in 2016 and more specific details became available in 2019²⁰. Pollution Probe is aware that the OEB has waived the requirement for proper IRP consideration in some cases such as the Kennedy Road Relocation and Pollution Probe agrees that in some straight forward cases where timing is imminent, that waiving IRP assessment

¹⁵ Please see EB-2022-0200 Exhibit 1, Tab 10, Schedule 5, Attachment 2, Page 3 Figure ES-2 for estimated natural gas timelines.

¹⁶ Exhibit I.PP-7

¹⁷ 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 \(energyontario.ca\)](#)

¹⁸ EB-2020-0091 dec_order_EGI_IRP_20210722, Page 5.

¹⁹ B/1/1 Attachment 1 and Exhibit I.PP-8

²⁰ Exhibit I.PP-6

consideration may be reasonable. In this case Enbridge has been aware of the Project needs significantly longer than three years. It is important that the OEB does not incent Enbridge to delay filing of Leave to Construct application in order to circumvent the OEB IRP Framework. Doing so would undermine the potential benefits the OEB identified in the IRP Decision and related IRP Framework²¹.

At the end of the day the OEB must decide if the specific 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 so²² and is one appropriate check and balance against inadequate IRP analysis and option consideration²³. 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 de-carbonization efforts²⁴. 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 difficult for Enbridge to implement real IRP analysis and IRP alternative implementation since the OEB Decision and IRP Framework in 2021. To-date there has been no IRP alternatives implemented by Enbridge and Enbridge recently requested additional delays to the OEB required IRP pilots. There is great interest from all stakeholders to advance IRP 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 available 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 Framework²⁵. It is also well documented in the most recent OEB IRP Working Group Report²⁶. It is important for the future of energy planning in Ontario to move Enbridge project planning into compliance with IRP requirements.

Environmental and Socio-Economic Issues

²¹ EB-2020-0091

²² And confirmed in EB-2022-0003 Exhibit I.PP.10

²³ 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.

²⁴ EB-2020-0293 dec_order_EGI_20220503_eSigned, page 23 and also other Decisions such as EB-2020-0192.

²⁵ EB-2022-0133 Exhibit N1 Tab 1 Schedule 1, Page 12. Section 7

²⁶ EB-2022-0110 EGI_APPL_updated_20220617. OEB IRP WG Report Exhibit H, Tab 1, Page 32.

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. The proposed project in conjunction with other large projects impacting the same project area. In particular, disruption along the Metrolinx construction corridors is severe due to Metrolinx and related construction such as projects like this.

In response to an OEB Staff Interrogatory, Enbridge provided an update on the TSSA application was submitted for project review. 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.