



Enbridge Gas Inc.
50 Keil Drive North
Chatham, Ontario, Canada
N7M 5M1

April 5, 2024

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

Dear Ms. Marconi:

**Re: Lagasco Inc.
Application for a Limited Certificate of Public Convenience and Necessity
Haldimand County
Ontario Energy Board File No. EB-2023-0344**

In accordance with Procedural Order No. 2, attached is Enbridge Gas' evidence pertaining to our updated cost estimate and service proposal to the Proplant Generation Facility.

Given the customer-specific and commercially / competitively sensitive nature of some of the information being provided, Enbridge Gas asks that information related to costs and customer demand be kept confidential from Lagasco and the general public.

An unredacted version of this evidence will be provided to the Ontario Energy Board under separate cover.

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

cc (by email only):

Jennifer Lewis, Vice President, Lagasco Inc.
Natalya Plummer, OEB
Richard Lanni, OEB

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act*, S.O. 1998, C.15, Schedule B, and in particular Section 21(2) thereof;

AND IN THE MATTER OF the *Municipal Franchises Act*, R.S.O. 1990, c.M.55, as amended;

AND IN THE MATTER OF an Application by Lagasco Inc. for an Order approving a Certificate of Public Convenience and Necessity to construct works to supply natural gas in the County of Haldimand.

EVIDENCE OF ENBRIDGE GAS INC.

1. Enbridge Gas Inc. (Enbridge Gas), a regulated public utility, is a corporation incorporated under the laws of the Province of Ontario, with its offices in the City of Toronto and the Municipality of Chatham-Kent.
2. The Corporation of Haldimand County (Haldimand County) is a single-tier municipal corporation incorporated under the laws of the Province of Ontario. Attached hereto and marked as Schedule A is a map showing the geographical location of Haldimand County, a customer density representation of Enbridge Gas' service area and the location of the Proplant Propagation Services (Proplant) property. Enbridge Gas currently serves approximately 16,100 customers in Haldimand County. Enbridge Gas and its predecessors have been providing gas distribution services within Haldimand County since approximately 1904.
3. Enbridge Gas currently has a franchise agreement with Haldimand County (EB-2006-0274) which grants to Enbridge Gas the right to construct and operate works for the distribution, transmission and storage of natural gas and the right to extend and add to the works within Haldimand County. Enbridge Gas also holds a Certificate of Public Convenience and Necessity (CPCN) EB-2006-0275 attached as Schedule B to construct works to supply gas in all of Haldimand County which Enbridge Gas considers to be exclusive unless the Ontario Energy Board specifically orders service to the contrary.
4. Enbridge Gas currently provides gas distribution services to a greenhouse facility operated by Proplant located on the west side of Haldimand County near the community of Jarvis. In response to a request from Proplant for incremental natural gas distribution service, Enbridge Gas entered into discussions to provide natural gas service to a proposed electricity generation facility being developed by Proplant which is proposed to be located on the west side of the property currently served by Enbridge Gas.

-2-

5. Enbridge Gas has provided Proplant with an offer of service which is agreeable to Proplant. Based on recent discussions with Proplant, and subject to further review of the services offer, Enbridge Gas has agreed to draft a contract in April 2024 for Proplant to consider and ultimately execute in May 2024 with a commitment to initiate provision of service to the electricity generation plant in July 2025.
6. Enbridge Gas proposes to construct approximately 40 metres of NPS 4 service pipeline and associated ancillary facilities in order to provide service to Proplant's proposed electricity generation facility. The proposed service pipeline, station and metering facilities are scheduled to be placed in service in July 2025 to match the requirements of Proplant. The total estimated cost of the proposed facilities is \$[REDACTED]. This covers all costs related to material, construction and labour, environmental protection measures, land acquisitions, contingencies, overheads, and interest during construction. Confidential details of the proposed service are attached as Schedule C.
7. On November 24, 2023, Lagasco Inc. applied for approval of a geographically limited CPCN to construct works to supply gas to the proposed electricity generation facility being developed by Proplant. Lagasco indicates in its evidence that it will need to construct a NPS 2 service line from an existing Lagasco NPS 6 gas pipeline located on the Proplant property adjacent to Highway 6 in order to provide 2,328 m³ per hour for approximately 6 hours per day.¹ Lagasco indicates that the total capital cost of its proposed tie-in system to provide this quantity of gas to the Proplant generation facility is estimated to be \$350,000.²
8. There is no evidence on the record of this proceeding that Lagasco has any current CPCN rights within Haldimand County although they submit that they have an existing NPS 6 gas pipeline located on the Proplant property adjacent to Highway 6, operate a compressor station and pipeline through which it delivers natural gas to Enbridge Gas, and that they distribute gas to other end users³. While Lagasco does not consider itself a gas distributor that is subject to rules applicable to anyone distributing natural gas⁴, Enbridge Gas submits that Lagasco is indeed a gas distributor and not exempt from the CPCN requirements of the *Municipal Franchises Act*.
9. As has been determined previously by the OEB⁵, what Lagasco calls a "production line" that is located on Proplant's property is considered a distribution pipeline if it is to be used to provide natural gas distribution services. Enbridge Gas submits that a CPCN is needed for any distribution pipeline.

1 Lagasco Application, pages 3 and 7; Lagasco response to EGI-12

2 Lagasco Application, page 9

3 Lagasco response to EGI-6(b)

4 Lagasco response to EGI-1(e) and EGI-6

5 EB-2017-0289 Decision and Order dated June 14, 2018, pages 3 – 4; EB-2019-0089 Decision and Order dated August 26, 2019, page 4

-3-

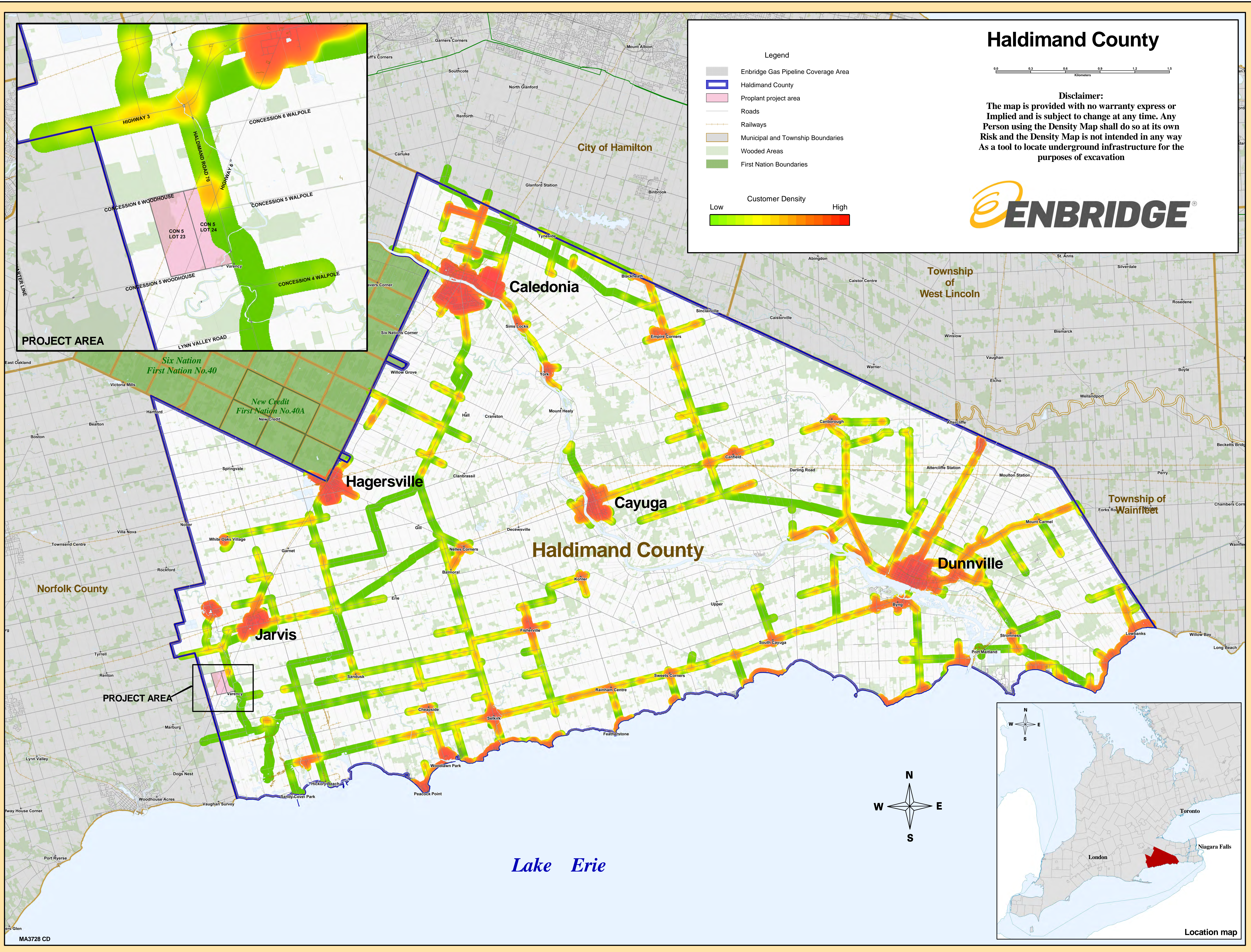
10. Contrary to Lagasco's belief⁶, as a gas distributor, Enbridge Gas submits that Lagasco is assumed to be governed by all regulations and regulatory requirements applied to all other natural gas distributors, including the Gas Distribution Access Rule (GDAR).
11. Proplant has confirmed that it will need a total of [REDACTED] m³/hour firm service for its existing service ([REDACTED] m³/hour) and the proposed electricity generation facility ([REDACTED] m³/hour). Enbridge Gas questions the adequacy of the maximum supply capacity of 2,210 GJ/day that Lagasco has proposed for the electricity generation facility based on the proposed pipe sizing for its service. Enbridge Gas also questions the limitation of Lagasco's service to just 6 hours per day as being what Proplant will need for its electricity generation facility.
12. Enbridge Gas opposes any proposed bypass of its distribution system because of the potential impact on current and future natural gas users in Ontario and the public interest.
13. The construction of the service pipeline and facilities proposed by Enbridge Gas will allow Enbridge Gas to meet the natural gas requirements of the proposed Proplant electricity generation facility and represents a customer-preferred alternate proposal to the services being offered by Lagasco to pursue a bypass of Enbridge Gas' distribution system. The Proplant electricity generation facility will also be invoiced / charged at rates as approved by the OEB.
14. As the local natural gas distribution utility, Enbridge Gas submits that its proposal best supports the Ontario Energy Board's public interest mandate and in doing so, constitutes the preferred solution for delivering the required natural gas volumes and services to the Proplant electricity generation facility.

DATED at the Municipality of Chatham-Kent, in the Province of Ontario this 5th day of April, 2024.

ENBRIDGE GAS INC.

Patrick McMahon
Technical Manager
Regulatory Research and Records

⁶ Lagasco response to EGI-1(e)



EB-2006-0275

Certificate of Public Convenience and Necessity

The Ontario Energy Board hereby grants

Union Gas Limited

approval under section 8 of the *Municipal Franchises Act*, R.S.O. 1990, c. M.55, as amended, to construct works to supply gas to

Haldimand County

This certificate replaces the certificates of the former municipalities that are now within Haldimand County.

DATED at Toronto, January 15, 2007

ONTARIO ENERGY BOARD

Original signed by

Mark C. Garner
Managing Director, Market Operations

Proplant Propagation Services Project Proposal

Estimated Capital Costs (Class 3 estimate)

Materials	\$	
• New customer station plus 40 meters of NPS 4” service to customer station		
Labour and Decommissioning of Old Customer Station	\$	
Total Estimated Pipeline Capital Costs	\$	

Contract Specifications

Term	5 years
Daily Firm Contract Demand (M7)	m ³
Delivery Pressure (65 psi)	448 kpa
Volume	m ³ /hour (combined existing and new load)
Estimated Annual Rate M7 Distribution Revenues	\$
Contribution in Aid of Construction	n/a