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VIA EMAIL and RESS

April 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)
Reply Submission

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

If you have any questions, please contact the undersigned.

Sincerely,

Eric VanRuymbeke
Digitally signed by Eric VanRuymbeke
Date: 2024.04.08 14:47:59 -04'00'

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)

Filed: 2024-04-08
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.

ENBRIDGE GAS INC.

REPLY SUBMISSION

A. Introduction

1. These are the reply submissions of Enbridge Gas Inc. (Enbridge Gas or the Company) in respect of the application to the Ontario Energy Board (OEB) under section 90 of the *Ontario Energy Board Act, 1998* (OEB Act) for an order granting leave to construct the Bobcaygeon Community Expansion project (the Application or Project).

2. 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. In this regard, OEB staff support the granting of leave to construct for the Project.

3. Environmental Defence (ED) and Pollution Probe (PP) submissions challenging the Company's attachment forecast for the Project, together with their request that the OEB deny the Application or impose conditions of financial responsibility and survey information requirements, should be rejected by the OEB. The OEB should reject the submissions of ED and PP since the premise on which they rely is ill-conceived and, if accepted, requires the OEB to adopt an abstract over-simplification of energy conversion that is neither representative of the actual energy choices or energy preferences customers made or expressed in response to Enbridge Gas's attachment surveys nor reflective of the actual energy conversion costs dependent on physical parameters and limitations of their specific homes or businesses in the Project area.

4. The Federation of Rental-housing Providers of Ontario (FRPO) and PP made submissions regarding the proposed Reinforcement Pipeline, requesting the OEB not approve the leave to construct for the Reinforcement Pipeline because of need. The proposed pipe size of the Supply Lateral and the Reinforcement Pipeline are the

minimum pipe size required to meet demand and cannot be downsized. Downsizing any sections of the pipe will cause the pressure to be below the minimum required pressure.

B. The Public Interest under section 96(1)

5. With respect to the consideration of the public interest under section 96(1) of the OEB Act, ED states that eligibility for the natural gas expansion subsidy under the Government of Ontario's NGEP does not require that the OEB apply a more lax standard.[1] Notwithstanding ED's submission, it is important to note that the OEB cannot and should not ignore the *Access to Natural Gas Act, 2018* and its regulations when assessing the public interest under section 96(1) of the OEB Act.

6. The legislation and regulations that enable the NGEP were established to further the public interest consistent with the OEB's objectives to facilitate the rational expansion of natural gas distribution systems. The decision of the Ministry of Energy to approve the Projects for funding on June 9, 2021 under the NGEP further supports that the Project is in the public interest. As previously noted by the OEB, "[t]he OEB in administrative and adjudicative decisions has accepted that the *Access to Natural Gas Act, 2018* and its proposed program implementation represents an important consideration in the determination of the public interest in providing the availability of natural gas service in unserved communities."[2] In this regard, while the factors that the OEB considers in the ordinary course in determining the public interest under section 96(1) of the OEB Act remain intact, they should not be considered in isolation from the Minister's expression of the public interest.

7. Regarding the consideration of the public interest, ED has indicated that the OEB should distinguish any decision it makes in the current Application from the decisions that the OEB recently made in the projects known as Hidden Valley (EB-2022-0249), Selwyn (EB-2022-0156) and the Mohawks of the Bay of Quinte (EB-2022-0248) (collectively referred to as the "Community Expansion Decisions"). Like those projects, the Project is

[1] ED submissions, p. 5
[2] EB-2022-0156/0248/0249, Decision on Intervenor Evidence and Confidentiality (April 17, 2023), p. 3.

a community expansion project forming part of the Minister's expressed public interest through the NGEP. The principles that the OEB expressed in the Community Expansion Decisions still remain applicable particularly related to the consideration of the relative costs of electric heat pumps and the importance of customer surveys to reflect the decisions of customers based on all relevant factors including financial and non-financial considerations relevant to their geographic location, heating need, housing and electrical standard.

8. Enbridge Gas also notes that ED has made many of the same submissions that it made in the aforementioned proceedings. On the same basis as expressed in the Community Expansion Decisions, ED's submissions should be rejected.

C. ED's Submissions Without Evidentiary Basis

9. Furthermore, Enbridge Gas notes that ED's submissions are a combination of submissions that relate to four distinct leave to construct applications (EB-2022-0111, EB-2023-0200, EB-2023-0201 and EB-2023-0261). ED made its submissions on a consolidated basis notwithstanding the OEB's ruling in Procedural Order No. 2 to not consolidate the above applications as previously requested by ED. A result of ED's decision to ignore the OEB's ruling is that, in making its submissions, ED relied on evidence that was admitted in the other proceedings but does not form part of the evidentiary record in this proceeding related to the Project. Enbridge Gas does not consent to the admission of evidence filed in an unrelated matter in the Application or it being given any weight by the OEB in its adjudication of the Application related to the Project. As a result, any ED submission made with an attempt to justify those submissions through evidence from the unrelated proceedings should be rejected by the OEB and given no weight. As submitted by Enbridge Gas below, this is particularly an issue in relation to ED's assertions related to Enbridge Gas's customer attachment survey.

D. Project Costs and Economics

10. The submissions of ED and PP focus primarily on project cost and economics. Both ED and PP argue that the Company's attachment forecast for the Project is unreliable because, in their view, the customer connection survey was flawed and because of an incentive to install electric heat pumps instead of switching to natural gas.[3]

11. Their position is premised on the incorrect notion that electric heat pumps are more cost effective than natural gas service in every and all customer circumstances both technically and financially and that any assertion to the contrary is an expression of bias and not fact. The OEB should reject the submissions of ED and PP since the premise on which they rely is ill-conceived and, if accepted, requires the OEB to adopt an abstract over-simplification of energy conversion that is neither representative of the actual energy choices or energy preferences customers made or expressed in response to Enbridge Gas's attachment surveys nor reflective of the actual energy conversion costs dependent on physical parameters and limitations of their specific homes or businesses in the Project area.

12. In any event, while ED, in particular, would prefer that the focus of the Application be the adjudication of the economics of electric heat pumps relative to natural gas, Enbridge Gas submits that the OEB is not required in exercising its discretion in the public interest to make a decision on the relative merits of electric heat pumps to natural gas. This is because in the Application Enbridge Gas has provided an attachment forecast based upon extensive consultation with the community and its representative municipal government and survey results that represent the energy interests expressed by actual residents and business-owners within the Project area, which intrinsically incorporates all factors including financial and non-financial considerations.[4]

13. As stated by the OEB previously, the decision of individual consumers to opt for natural gas service is based on "all relevant factors including financial and non-financial

[3] ED submissions, p. 6; PP submissions, p. 10.
[4] Exhibit B-1-1, pp.5-8; Exhibit I.STAFF.2 and 3.

considerations relevant to their geographic location, heating need, housing and electrical standard."[5] This remains the case in the current Application.[6] As found by the OEB, notwithstanding the potential benefits that electric heat pumps may afford to customers in general, the best evidence that addresses those factors for the Project is provided by the willingness of potential customers to obtain natural gas service demonstrated by the market surveys submitted.[7]

14. ED and PP assert that the evidence is insufficient to support the customer attachment forecasts because they reason that the customer surveys do not adequately inform potential customers of the advantages of electric heat pumps and Enbridge Gas's electric heat pump related analysis is biased.

15. However, in making its assertions, ED selectively references specific cost comparisons included in Enbridge Gas's analyses to justify its position regarding the cost effectiveness of electric heat pumps and has misconstrued the scope and nature of the analyses in question. In fact, the analyses clearly point out the over-simplification of ED's electric heat pump premise.

16. The analyses referenced by ED were produced in response to interrogatories Exhibit I.ED.28 and Exhibit I.ED.29[8] and consist of the analysis and model created by Guidehouse Inc. (Guidehouse) and the further analysis provided by Enbridge Gas.[9]

17. To understand the over-simplification that ED and PP have undertaken, it is important to consider the scope, nature and intent of the Guidehouse and Enbridge Gas analyses. Unrelated to the Application, Enbridge Gas in Q1 2023 engaged Guidehouse to provide an assessment of the annual operating costs of high-efficiency electric cold climate air source heat pumps within four Ontario climates (Windsor, Toronto, Ottawa, and Thunder

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[5] EB-2022-0249, Decision and Order (September 21, 2023), p. 19; EB-2022-0248, Decision and Order (September 21, 2023), p. 20; EB-2022-0156, Decision and Order (September 21, 2023), p. 20.

[6] OEB Decision and Procedural Order No. 2 (February 20, 2024), pp. 14-15.

[7] EB-2022-0249, Decision and Order (September 21, 2023), p. 19; EB-2022-0248, Decision and Order (September 21, 2023), p. 20; EB-2022-0156, Decision and Order (September 21, 2023), p. 20.

[8] This was the same analyses provided in response Exhibit I.16 (updates) in EB-2022-0249.

[9] ED submissions, p. 9.

Bay) at three peak winter design loads (2.5 tons, 4 tons, and 5 tons). It is important to note that the scope of the Guidehouse model consisted of an assessment of operating costs only and did not include an assessment of upfront capital costs which is required to conduct a customer lifetime cost-effectiveness analysis of converting a home to an electric heat pump configuration.[10] To reflect not just operating costs, but total cost inclusive of installation costs, Enbridge Gas requested low-end and high-end upfront cost estimates from HVAC contractors for conversions to both electric heat pump configurations and natural gas furnace configurations.[11]

18. To provide ranges for the customer lifetime cost-effectiveness of converting a home to an electric heat pump configuration compared to a natural gas furnace configuration, Enbridge Gas combined the upfront cost information gathered from HVAC contractors with the operational cost information from the Guidehouse study. Twelve scenarios were assessed.[12] The scenarios included three different electric heat pump configurations for Toronto and Ottawa[13] and for the low-end and high-end upfront costs respectively.

19. The assessment of the upfront costs required to convert a home to an electric heat pump configuration requires consideration of several factors that results in a more complex analysis than assessing the upfront costs required to convert a home to a natural gas furnace configuration. For example, in addition to the cost of the electric heat pump itself, a home could also require electrical panel upgrades, exterior service upgrades from the electric utility, internal wiring upgrades, and/or duct work improvements. There is a wide range of potential upfront costs depending on the existing configuration of the home itself. For this reason, the Company was not able to provide an average upfront cost, which would be required to develop an average customer lifetime cost-effectiveness analysis for conversions to electric heat pump configurations. Any attempt to do so would result in an over-simplification of the conversion costs and would not necessarily be representative of the actual conversion costs for specific homes or businesses in the

[10] Exhibit I.ED.28, p. 3.
[11] Ibid, pp. 3-4.
[12] Ibid, p. 6.
[13] Ibid, p. 8.

Project area.[14] As a result, depending on the circumstances, the conversion to an electric heat pump configuration could be more cost-effective for space heating for some homeowners when compared to a conversion to a natural gas furnace configuration, whereas for other homeowners the natural gas solution would be more cost-effective.[15]

20. Furthermore, Enbridge Gas was clear that the results arising from its analysis were illustrative and that more refined research would be required to establish robust estimates/assumptions.[16] It is important to also note that with respect to energy costs, the analysis made no assumptions regarding forward price curves and utility rates for either electricity or natural gas, including any assumptions related to the public policy risk associated with the federal carbon charge continuing as planned until at least 2030. The energy costs used in the analysis are a snapshot in time and thus may not be reflective of consumer expectations for long-term energy prices.[17] It also does not include electricity price changes arising from energy transition, including those related to widespread electrification.

21. The Guidehouse and Enbridge Gas analyses were also before the OEB with respect to the Community Expansion Decisions. As stated by the OEB:

> The OEB also agrees with Enbridge Gas's submission that:
>
> Policy changes, growing electricity costs to modernize and renew the grid and build out supply, technological change, and economic cycles could change the economic relationship between electric heat pumps and natural gas in the future.[18]

22. The Guidehouse model and report were an independent exploration of the complex comparison between electric heat pumps and natural gas. The analyses (Guidehouse together with Enbridge Gas) are not needed to justify the attachment forecast and the reflection of customer choice. The customer choices stand on their own through the

[14] Ibid, p. 3.

[15] Ibid, p. 8.

[16] Ibid, p. 4.

[17] Ibid, p. 7.

[18] EB-2022-0249, Decision and Order (September 21, 2023), p. 19; EB-2022-0248, Decision and Order (September 21, 2023), p. 20; EB-2022-0156, Decision and Order (September 21, 2023), p. 20.

Enbridge Gas attachment forecast which directly reflects the preferences of consumers based on a broad and thorough community engagement. Those expressed interests reflect consumers' preferences and energy decisions encompassing all relevant factors, including financial and non-financial considerations relevant to their geographic location, heating need, housing and electrical standard.

23. ED questions Enbridge Gas's attachment forecasts because ED believes that the surveys used for the Project to establish customer interest in converting to natural gas was biased for not setting out in detail various government incentives to install electric heat pumps.[19] ED also believes that the attachment surveys were biased because they did not set out the merits of electric heat pumps as ED perceives them to be.[20] Enbridge Gas submits that the surveys are appropriate and the survey results are a sound basis on which to establish the attachment forecasts. The surveys explicitly informed the respondent of the existence of electric heat pumps, provided potential cost savings information, and indicated that government incentives were available.

24. Results from the Forum Research survey indicate that the primary energy source for heating in Bobcaygeon is currently 20% electricity (non-heat pump), 57% propane, 15% heat pumps,[21] 4% heating oil and 3% wood. Of those who responded to the survey, 53% indicated that they are likely (extremely likely, very likely or likely) to convert their space heating systems to natural gas if it were made available. As stated in the survey results:

> Respondents likely to connect to natural gas and not already using a heat pump as their primary heating equipment, were provided with information about both the costs and benefits of switching to an air source heat pump, as an alternative to natural gas heating. After this more detailed information about air source heat pumps was communicated, 53% of respondents overall are likely (extremely likely, very likely or likely) to convert their space heating systems and/or water heaters to natural gas (both space heater and water heater or space heating only). This includes respondents

[19] ED submissions, p. 7.

[20] ED submissions, p. 7.

[21] Exhibit I.PP.19 part a): "It should be noted that the market research did not differentiate between high-efficiency electric cold climate air source heat pumps and standard (i.e., Energy Star) electric air source heat pumps. As such, the electric heat pump uptake figure reflects the combined uptake of both measures, not just the high-efficiency measure."

> currently using a heat pump who indicated they are likely to connect to natural gas.[22] (emphasis added)

25. ED's submissions provided a list of information that it alleges is missing.[23] However, in respect of that list, ED states at footnote 13:

> "The following list is based on the survey information for Hidden Valley and Selwyn."[24]

26. Not only has ED not relied on the evidence in the current proceeding applicable to the Project, ED has failed to clearly acknowledge that as clearly stated in the Community Expansion Decisions, Enbridge Gas's survey approach was accepted by the OEB and there was no determination of bias or unreliability. Furthermore, ED sets out at page 7 of its submissions eight information related issues. For almost all of those issues, ED relies on evidence filed in two completely different leave to construct applications before the OEB (EB-2023-0200 and EB-2023-0201). This information is entirely unrelated to the current Application and cannot be relied upon in this Application in support of ED's incorrect assertion that the survey results underpinning the attachment forecast are biased. In fact, ED completely ignores and makes no comment on the response given in Exhibit I.ED.11 which indicated that information regarding electric heat pumps was communicated to respondents through the survey. As noted in Exhibit I.ED.11, the Forum Research survey contained three questions with comparative cost-effectiveness information, as well as one question with introductory information about electric heat pumps. The purpose of each question and question wording was provided. This included reference to the federal carbon pricing program with the following commentary:

> The federal carbon pricing program will result in increases to natural gas prices over time. The federal carbon charge is currently 9.79 cents per cubic meter, making up approximately 15% of the total natural gas bill for a typical home. The federal carbon charge will increase each year, reaching 18.11 cents per cubic meter in 2025 and 32.40 cents per cubic meter in 2030.[25]

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[22] Exhibit B-1-1, Attachment 4, p. 2.

[23] ED submissions, p. 6.

[24] Ibid.

[25] Exhibit I.ED.11, p. 4.

27. And commentary related to electric heat pumps that included the following:

> Government incentives are currently available to bring down the cost. Compared to natural gas, an average two-story home in Bobcaygeon is expected to save $1,050 - $1,450 on heating costs per year based on current rates, increasing to $2,000-$2,350 in 2030 due to the federal carbon pricing program. Compared to natural gas heating, an average bungalow is expected to save $400 - $850 on heating costs per year based on current rates, increasing to $1,000 - $1,450 in 2030. Actual savings depend on factors such as the type, size and performance of the heat pump, weather, the energy efficiency and other characteristics of your home, and your behaviour.[26]

28. Where ED did consider the actual survey script used in relation to the Project, ED's submissions amounted to a parsing of selected words and phrases, regarding which ED relied on assertions not in evidence to allege misinformation.[27] In total, ED's assertion regarding bias of survey results is completely unfounded and is entirely refuted by the evidence filed in support of this Application.

29. PP similarly asserted that the survey was biased and for the same reasons its submissions should be rejected by the OEB. Also, like ED, PP also ignores key evidence. PP asserted that the survey response rate and sample size were low and the results were not validated. However, PP ignores the response given in respect of its own interrogatory. As shown in Exhibit I.PP.5, PP asked for an explanation related to the survey response rate. In responding, Enbridge Gas referred to Exhibit I.Staff.2, part 3 which states:

> For the formal surveys conducted by Forum Research, Enbridge Gas targets a margin of error of +/- 5.0% at the 95% confidence interval. The lower the margin of error, the more confidence one should have that a survey result would reflect the result of a census of the entire population. The response rate required to achieve the targeted margin of error decreases as the population size (in this case, number of addresses in the Project area) increases. Due to its large size compared to the other Phase 2 communities surveyed, the targeted margin of error was achieved and as such, the response rate is considered acceptable, with a relatively lower response rate when compared to other Phase 2 community expansion projects (13%).

30. As a result, PP's submissions in this regard should be rejected by the OEB.

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[26] Ibid.

[27] ED submissions, p. 8.

31. ED also asserts that Enbridge Gas ignored the extra line length charge (ELC) applicable to new connections in its cost comparisons, especially related to the increased charge of $159 per meter over 20 meters.[28] In response to an ED interrogatory, Enbridge Gas provided the estimated lengths of services for potential customers, indicating that approximately 80% of buildings are estimated to be 20m or less from the property line and therefore would not incur an ELC.[29] Any actual impact from the ELC is unknown as it will depend on which and how many customers ultimately decide to connect to the Project. As is typical for community expansion projects, Enbridge Gas will manage to its forecast through project execution and, consistent with the direction in the OEB's EB-2020-0094 Decision, will apply a 10-year Rate Stability Period (RSP) following project in-service during which the Company will bear the risk of the Project customer attachment and capital expenditure forecast. At the next rebasing application after the ten-year RSP expires, Enbridge Gas will use actual revenues and actual capital costs of the Project to determine any revenue sufficiency or deficiency for rate-setting purposes.[30]

32. ED and PP also stated that Enbridge Gas did not conduct analysis on the possibility that customers who select natural gas would subsequently leave the natural gas system before the end of the 40-year revenue horizon.[31] This again is for the singular reason that ED and PP believe in the absolute cost-effectiveness of electric heat pumps now and into the future. However, this is a very narrow view that disregards the many variables and uncertainties that are at play as energy transition evolves. Policy changes, growing electricity costs to modernize and renew the grid and build out supply, technological change, and economic cycles could change the economic relationship between electric heat pumps and natural gas in the future. Furthermore, as agreed by OEB staff,[32] Enbridge Gas has used multiple methods to establish the ten-year forecast of customer

[28] Ibid, p. 11.
[29] Exbibit I.ED.23 parts f - h).
[30] Exhibit E-1-1, p. 4.
[31] ED submissions, p.12; PP submissions, p. 5.
[32] OEB staff submissions, pp. 8-9.

attachments and that Enbridge Gas has committed to continue engaging in outreach activities to ensure forecasted customer attachments are realized.[33]

33. ED submits that Enbridge Gas has assumed that newly connected customers in Bobcaygeon would consume more gas annually than the average Enbridge Gas customer and more than average consumption in gas expansion communities so far.[34] In its response to interrogatories Enbridge Gas provided the underlying assumptions used in its DCF analysis which included more granular consumption values, comprised of three different tiers for residential customers based on the square footage of the home to account for the range in sizes of residential homes in the Project area. The average annual consumption for the Project area varied by tier compared to all other NGEP Phase 1 and 2 projects.[35] The assumptions used are Enbridge Gas's best available information based on Company data for homes within the broader area relevant to the Project area.[36]

34. ED asserted that Enbridge Gas should have included normalized reinforcement costs in determining the cost-effectiveness of the Project in accordance with EBO 188 and that Enbridge Gas did not provide justification for not having done so. Enbridge Gas responded in Exhibit I.ED.22 part c) (vi) that normalized system reinforcement costs (NSRC) are not applicable to community expansion projects and that all reinforcement costs associated with the Project are directly applied to the Project in the DCF analysis. The cost of reinforcement required for community expansion projects are separate to, and not included within, calculations of NSRC. Therefore, it would not be appropriate to apply NSRC to the Project.[37]

[33] Exhibit I.STAFF.3.
[34] ED submissions, p. 12.
[35] Exhibit I.ED.38.
[36] Enbridge Gas Reply Submission Regarding Need for Technical Conference (September 26, 2023), p. 3.
[37] Ibid, pp. 2-3.

E. Project Alternatives

35. FRPO made submissions regarding the technical pipeline parameters for the Project.[38] However, before providing those specific submissions, FRPO commented on the nature and the scope of the facilities information filed in support of the Application. FRPO asserted that the pre-filed facilities information did not meet the requirements of the OEB's Natural Gas Facilities Handbook (the Handbook). FRPO provided no justification for its assertion and its submission should be rejected. The filing requirements for a proposed project are set out at Exhibit D of the Handbook. There is no indication from FRPO as to how the Projects do not comply with those sections. Enbridge Gas submits that the facilities evidence filed in support of the Application is appropriate and consistent with the Handbook. This is reflected in the OEB's determination of completeness (dated May 17, 2022) following the filing of the Application and the OEB's Procedural Order No. 1 (dated August 14, 2023) wherein the OEB determined, in response to a letter filed by FRPO on July 3, 2023, that the Application is complete and complies with the Handbook.[39]

36. Regarding the technical parameters, FRPO submits that Enbridge Gas did not justify its proposed Reinforcement Pipeline part of the Project as necessary at the outset of the Project and questioned the future need of that Reinforcement Pipeline. Based on unsubstantiated calculations done by FRPO (which should be given no weight since they inaccurately represent evidence provided in submissions), FRPO concludes that the proposed NPS 6 Supply Lateral can supply the demands forecasted for the first 10 years of the Project and the Reinforcement Pipeline is not required.[40]

37. However, FRPO incorrectly describes the pipe size of the reinforcement as NPS 8.[41] In fact, Enbridge Gas's Application is requesting a Reinforcement Pipeline comprised of approximately 8 km of NPS 6 inch XHP ST natural gas pipeline. It is unclear based on

[38] FRPO submissions, p. 2.
[39] OEB Procedural Order No. 1 (August 14, 2023), p. 3.
[40] FRPO submissions, pp. 3-4.
[41] Ibid, p. 2.

FRPO's submission if the calculations were performed with the larger pipe diameter, for which Enbridge Gas is not seeking leave to construct.

38. The proposed pipe size of the Supply Lateral and the Reinforcement Pipeline are the minimum pipe size required to meet demand and cannot be downsized. Downsizing any sections of the pipe will cause the pressure to be below the minimum required pressure. This was explained in Exhibit I.FRPO.2, that the downsizing of pipe sizes for either the Reinforcement Pipeline or Supply Lateral would cause infeasible results.

39. PP incorrectly asserts that Enbridge Gas is able to serve customers in the community based on capacity already available in the upstream system.[42] It is important to note that the Project was designed with the intention of meeting the needs of the forecasted 3,689 customers and not additional customers. As such, there is minimal excess capacity in the Project design for additional customers. The Supply Lateral and Reinforcement Pipeline consist of approximately 38 m^3/h excess capacity representing approximately 0.6% of the forecasted demand.[43]

F. Environmental Impacts

40. With respect to potential impacts and cost related to bedrock, blasting and water course crossings, PP asserted that Enbridge Gas would be at risk for cost overruns related to general mitigation and cost in this regard included in the Project cost estimate because the Company did not itemize the costs in the manner sought by PP.[44] Enbridge Gas submits that PP's submissions should be rejected. The costs are incorporated into construction estimates based on the underlying assumptions. The fact that the costs are not estimated in the itemized manner as specifically sought by PP in the interrogatory (set out in Exhibit I.PP.29) is not an appropriate reason for that cost to be isolated for regulatory review. The costs in question are part of overall Project cost and they should be considered in respect of any Project cost variance as a whole.

[42] PP submissions, p. 7.
[43] Exhibits I.PP.1 and I.PP.4.
[44] PP submissions, p. 18.

41. PP also asserts that community engagement for this Project was not sufficient to provide members of the community the information they need to make informed decisions.[45] There was no basis for PP's assertion. Enbridge Gas has appropriately completed the Environmental Report in accordance with the OEB's *Environmental Guidelines for the Location, Construction and Operation of Hydrocarbon Pipelines and Facilities in Ontario 7th Edition*. OEB staff is in agreement in this regard.[46]

G. Indigenous Consultation

42. OEB staff submits that the OEB should wait to receive the letter of opinion (Sufficiency Letter) from the Ministry of Energy before providing its final approval to grant leave to construct for the Projects, and that if the Sufficiency Letter is not filed prior to record close, the OEB can place the proceeding in abeyance until such time that the letter is filed.[47] Enbridge Gas submits that placing the proceeding in abeyance is not necessary and instead suggests that Enbridge Gas would accept the OEB imposing the standard requirement to file the Sufficiency Letter as a condition of approval for the Project, consistent with the OEB's determinations in past proceedings.[48]

H. Conditions of Approval

43. Both ED and PP seek a requirement that Enbridge Gas agree up-front to assume all of the revenue forecast risk for the Project as a condition of approval. The OEB should reject this submission as it is premised on an incorrect perception as to the scope of a leave to construct application and a rebasing proceeding. ED acknowledges that the OEB already stated it "cannot bind a future panel determining that future application to be made by Enbridge Gas post-RSP."[49] ED goes on to argue that this is insufficient because the future OEB panel will be constrained in potentially disallowing costs because they will

[45] Ibid.

[46] OEB staff submissions, p. 16.

[47] OEB staff submissions, p. 18.

[48] EB-2017-0261, Decision and Order on the Scugog Island Community Expansion Project; EB-2020-0192, Decision and Order on the London Lines Replacement Project.

[49] ED submissions, p. 14.

be considered prudent investments at the time given the granting of the leave to construct. However, ED ignores the OEB's additional rationale for why its approach is appropriate and ED's request is not. As stated by the OEB:

> "These were leave to construct applications, not rate applications. The scope of the two are different. While the original panel could have added conditions of approval or provided other directions on the post-RSP rate treatment, it chose not to do so. It did not make that choice on the basis of a misunderstanding of its jurisdiction; in fact, it specifically invited submissions on the rate treatment question. Rather, it exercised its discretion not to grant what Environmental Defence asked for.
>
> Determining the rate treatment of any shortfalls in the next rebasing proceeding after the ten-year RSP will allow the OEB to consider the issue more broadly in the context of Enbridge Gas's entire franchise area with 3.8 million existing customers, not just the two communities with 217 forecast customers.
>
> There are 28 projects that have been approved in Phase 2 of the NGEP. The OEB strives for procedural efficiency and regulatory consistency. It makes sense to consider questions about rate treatment for such projects on a consolidated basis in a rebasing hearing, rather than on a piecemeal basis in each leave to construct proceeding. In that rebasing hearing, all options will be open, as the original panel said."[50]

44. ED and PP ask the OEB to direct Enbridge Gas to include accurate information on the annual operating costs of electric heat pumps versus natural gas in any marketing materials that discuss operating cost savings from natural gas. Enbridge Gas submits that the OEB should also reject ED's and PP's submission that Enbridge Gas be directed to provide information on the annual operating cost of electric heat pumps relative to the operating cost of natural gas. Requiring Enbridge Gas to provide consumers with information regarding the annual operating costs of non-natural gas solutions, in particular electric heat pumps, without consideration of those energy solutions' supply-side requirements and implications would not be appropriate or valuable.[51] That is a role best left to the providers of those non-natural gas energy solutions.[52]

45. Furthermore, the OEB has ordered Enbridge Gas through the rebasing proceeding to conduct a review of the information it provides to customers regarding energy cost

[50] EB-2023-0313, Decision and Order (December 13, 2023), pp. 18-19.
[51] Exhibit I.ED.1, pp. 2-3.
[52] Exhibit I.PP.6 part b).

comparisons.[53] It would be inappropriate to require Enbridge Gas to provide the information in advance of the Company's conclusion of the review and the adjudication of the issue in Phase 2 of the rebasing proceeding.

46. Lastly, in response to a letter filed by Enbridge Gas regarding a recently approved project, OEB staff proposed minor modifications to Conditions 2(b)(ii) and (iv), 7(a), and 7(b) set out in the conditions of approval attached as Schedule A to the submission.[54] Enbridge Gas agrees that the OEB should approve the Project subject to the conditions of approval shown in Schedule A.

I. Conclusion

47. Based on the foregoing, Enbridge Gas respectfully requests that the OEB reject the submissions of ED, PP and FRPO and issue an order granting leave to construct for the Bobcaygeon Community Expansion project pursuant to section 90 of the OEB Act without the conditions proposed by those intervenors.

[53] EB-2022-0200, Decision and Order (December 21, 2023), p. 140.
[54] OEB staff submissions, p. 19.