



Brittany Calhoun
Sr. Advisor
Leave to Construct Applications
Regulatory Affairs

tel: 519-436-4651
brittany.calhoun@enbridge.com
EGIRegulatoryProceedings@enbridge.com

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

VIA EMAIL and RESS

April 16, 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)
Ontario Energy Board (OEB) File No. EB-2023-0200
Sandford Community Expansion Project
Reply Submission**

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

If you have any questions, please contact the undersigned.

Sincerely,

Brittany Callhoun
Sr. Advisor – Leave to Construct Applications

cc: EB-2023-0200 Intervenors

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 the Municipal Franchises Act, R.S.O. 1990, c.M.55, as amended;

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 Sandford in the Township of Uxbridge.

AND IN THE MATTER OF an Application by Enbridge Gas Inc. for an Order cancelling and superseding the existing Certificates of Public Convenience and Necessity held by Enbridge Gas Inc. for the former Town of Uxbridge, the former Township of Uxbridge and the former Township of Scott and replacing them with a single Certificate of Public Convenience and Necessity to construct works to supply natural gas in the Township of Uxbridge.

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 Sandford 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. The Township of Uxbridge has emphasized its support for the Project on multiple occasions, via a council resolution dated June 30, 2020, and a letter of support dated November 17, 2023. Furthermore, the need for the Project is clearly expressed by the interest in natural gas service from future customers within the community. 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 actual energy conversion costs which are dependent on physical parameters and limitations of their specific homes or businesses in the Project area.

B. The Public Interest under section 96(1)

4. 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.
5. 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 OEB staff also noted that a key factor in the determination of public interest for community expansion projects is the enablement of Project funding under the NEGP: "The Project is one of the community expansion projects selected by the Ontario Government as eligible to receive NGEP funding. OEB staff submits that availability of NGEP funding to enable the provision of natural gas service in unserved communities is an important consideration in the determination of the public interest." 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.
6. Regarding the consideration of the public interest, ED has indicated that the OEB should implement "stronger measures to protect existing customers"³ in its decision in the

¹ ED submissions, p. 5

² EB-2022-0156/0248/0249, Decision on Intervenor Evidence and Confidentiality (April 17, 2023), p. 3.

³ ED submissions, p. 16.

current Application than it 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”). There is no case to distinguish this Project in the manner suggested by ED. Like those projects, the Project is a community expansion project forming part of the Minister’s expressed public interest through the NGEF. 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.

7. 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 and IP’s Submissions Without Evidentiary Basis

8. Enbridge Gas notes that ED’s submissions are a combination of submissions that relate to four separate 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.

9. IP's submissions rely on several speculative and/or opinion-based statements that are not supported by evidence or in some cases no evidence was filed to support the claims that IP has made. For example, IP submits their unqualified opinion that the Township of Uxbridge does not represent the residents of Uxbridge when it provided support for the Project, and instead IP submits on behalf of Project area residents that they do not need natural gas because they already have heating solutions that meet building code (such as oil heating, wood heating, propane heating, and electric heat pumps).⁴ As mentioned above, the Township of Uxbridge has expressed its support for the Project on two occasions, June 17, 2020 and November 13, 2023. Furthermore, the OEB stated in the Community Expansion Decisions that project need can be derived from the NGEPP legislation, municipal support and the market surveys. Accordingly, IP has no evidence to support that the Township of Uxbridge does not reflect the views of its residents.
10. IP also submits evidence consisting of results of a community survey it conducted within the Project area stating, among other things, that "8 of the 50 people I talked to were definite that they would not connect to gas".⁵ In filing results of its community survey, IP ignores the OEB's decision to deny IP's request to file results of its community survey⁶ and disregards the OEB's Rules of Practice and Procedure, specifically Rule 13.02, which states that a party shall not file evidence without leave of the OEB. IP also referred to an article from an online study and a link from a research paper about the limitation of online surveys. Neither of these studies are in evidence, nor do these studies specifically refer to the surveys that the Company has relied on. It would not be fair or appropriate for the Company to reply to submissions that rely on unqualified opinions and untested evidence. Enbridge Gas submits that the submissions of IP which rely on unqualified opinions and untested evidence should be given no weight.

⁴ IP Submissions, p. 2.

⁵ IP Submissions, p. 5.

⁶ OEB Decision on Intervenor Evidence, Consolidation of NGEPP-related Proceedings, Technical Conference, and Procedural Order No. 2 (February 29, 2024), p. 16.

D. Project Costs and Economics

11. 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 federal government financial incentives to install electric heat pumps instead of switching to natural gas.⁷
12. 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.
13. 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.⁸

⁷ ED submissions, p. 7; PP submissions, p. 10.

⁸ Exhibit B-1-1, pp. 2-3; Exhibit I.STAFF-2.

14. 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 considerations relevant to their geographic location, heating need, housing and electrical standard.”⁹ This remains the case in the current Application.¹⁰ 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.¹¹
15. 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.
16. 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.
17. The analyses referenced by ED were produced in response to interrogatories at Exhibit I.ED.28 and Exhibit I.ED.29¹² consisting of the analysis and model created by Guidehouse Inc. (Guidehouse) and the further analysis provided by Enbridge Gas.¹³
18. 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

⁹ 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.

¹⁰ OEB Decision and Procedural Order No. 2 (February 29, 2024), pp. 14-15.

¹¹ 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.

¹² This was the same analyses provided in response Exhibit I.16 (updates) in EB-2022-0249.

¹³ ED submissions, p. 9.

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 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.¹⁴ 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.¹⁵

19. 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.¹⁶ The scenarios included three different electric heat pump configurations for Toronto and Ottawa¹⁷ and for the low-end and high-end upfront costs respectively.
20. 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

¹⁴ Exhibit I.ED-28, p. 3.

¹⁵ Ibid, pp. 3-4.

¹⁶ Ibid, p. 6.

¹⁷ Ibid, p. 8.

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 Project area.¹⁸ 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.¹⁹

21. 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.²⁰ 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.²¹ It also does not include electricity price changes arising from energy transition, including those related to widespread electrification.

22. 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.²²

23. The Guidehouse model and report were an independent exploration of the complex comparison between electric heat pumps and natural gas. The analyses (Guidehouse

¹⁸ Ibid, p. 3.

¹⁹ Ibid, p. 8.

²⁰ Ibid, p. 4.

²¹ Ibid, p. 7.

²² 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.

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 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.

24. 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 were biased for not setting out in detail various government incentives to install electric heat pumps.²³ 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.²⁴ 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 and indicated that government incentives were available. Moreover, the OEB expressed no concerns regarding Enbridge Gas's surveys in its Community Expansion Decisions.
25. Results from the Forum Research survey indicate that the primary energy source for heating in Sandford is currently 1% electricity (non-heat pump), 3% geothermal, 57% propane, 3% heat pumps, 35% heating oil and 1% wood. Of those who responded to the survey, 87% 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.
26. ED's submissions provided a list of information that it alleges is missing from the survey.²⁵ However, in respect of that list, ED states at footnote 13:

²³ ED submissions, p. 7.

²⁴ ED submissions, p. 7.

²⁵ ED submissions, pp. 6-7.

“The following list is based on the survey information for Hidden Valley and Selwyn.”²⁶

27. ED has not relied on the evidence in the current proceeding and has consistently failed to acknowledge that Enbridge Gas’s survey approach was accepted by the OEB and there was no determination of bias or unreliability. ED sets out at page 7 of its submissions eight information related issues. For most of those issues, ED relies on evidence filed in a completely different leave to construct application before the OEB (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. As stated above, this is another example of ED ignoring the OEB’s ruling in Procedural Order No. 2 to not consolidate the above applications. In fact, ED completely ignores and makes no comment on the response given in Exhibit I.ED-9 which indicated that information regarding electric heat pumps was communicated to respondents through the survey questions. 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 2030.²⁷

28. The Forum Research survey also included commentary related to electric heat pumps, including the following:

A heat pump is an electrically driven device that can provide heating by transferring thermal energy from the earth or air into your home. Many heat pumps can also operate in the opposite direction, cooling the home by removing the heat from the inside and sending it outdoors or into the ground. Common types are air source heat pumps and ground source heat pumps (sometimes called geothermal systems). Many homes in moderate climates can rely on these systems to heat or cool their homes year-round; however, in colder climates a specialized “cold climate” heat pump or a supplementary heating source is usually needed.

²⁶ Ibid.

²⁷ Exhibit I.ED-9, p. 3.

Because heat pumps use electricity to move thermal energy to heat and cool your home, they are more efficient than traditional heating and cooling systems which could result in lower annual operating costs compared to other energy sources. However, these systems can have a high upfront cost, and may require modification to ducting designed for a forced-air furnace or central air conditioning system to distribute hot and cold air in your home. Upgrades to your electrical panel may also be required to accommodate a heat pump. Government incentives are currently available to bring down the cost.²⁸

29. 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.²⁹ 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.
30. PP similarly asserted that the survey was biased and for the same reasons its submissions should be rejected by the OEB. 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-6, PP asked for an explanation related to the survey response rate. In responding, Enbridge Gas referred to Exhibit I.STAFF-1, part a) which states:

As described in the Company's pre-filed evidence at Exhibit B, Tab 1, Schedule 1, Attachment 3, the response rate was 54% based on a list of 199 properties identified for surveying. Surveys have not been completed for every community selected for funding in the second phase of the NGEF. Among 17 Phase 2 communities surveyed by Forum Research (primarily in 2022 and 2023), the response rate ranged from 13% to 60%, with an average response rate of 40%. This is consistent with the average response rate from the previous group of surveys completed by Forum Research in 2020. The average response rate for the 2020 surveys was 39%, with a range of 17% - 64%. Accordingly, the response rate for the Sanford Project is higher than the average response rate for Phase 2 communities surveyed to-date.

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

²⁸ Ibid.

²⁹ ED submissions, p. 8.

32. 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.³⁰ In response to an ED interrogatory, Enbridge Gas provided the estimated lengths of services for potential customers, indicating that approximately 60% of buildings are estimated to be 20m or less from the property line and therefore would not incur an ELC (In the text of I.ED-21, Enbridge Gas inadvertently indicated that 75% of the buildings are estimated to be 20m or less. The information filed in the attachment to the IR indicates that 60% are 20m or less, and the 75% figure was provided in error).³¹ 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.³²
33. 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.³³ 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,³⁴

³⁰ Ibid, p. 11.

³¹ Exhibit I.ED-21 parts f - h).

³² Exhibit E-1-1, p. 4.

³³ ED submissions, p.12; PP submissions, p. 5.

³⁴ OEB staff submissions, p. 8.

Enbridge Gas has used multiple methods to establish the ten-year forecast of customer attachments and that Enbridge Gas has committed to continue engaging in outreach activities to ensure forecasted customer attachments are realized.³⁵

34. ED submits that Enbridge Gas has assumed that newly connected customers in Sandford would consume more gas annually than the average Enbridge Gas customer and more than average consumption in gas expansion communities so far.³⁶ 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 NGE Phase 1 and 2 projects.³⁷ 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.³⁸
35. 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.20 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.³⁹

³⁵ Exhibit I.STAFF-2.

³⁶ ED submissions, p. 12.

³⁷ Exhibit I.ED-39.

³⁸ Enbridge Gas Reply Submission Regarding Need for Technical Conference (September 26, 2023), p. 3.

³⁹ Exhibit I.ED-20, p. 2.

E. Project Alternatives

36. 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 NGEF, Enbridge Gas did not assess other facility alternatives. No parties raised issues regarding Enbridge Gas's assessment of facility alternatives to the Project.
37. OEB staff submitted that as the Project is an NGEF-related community expansion project, and in accordance with the IRP Framework issued on July 22, 2021,⁴⁰ no IRP evaluation is required. Therefore, OEB staff notes that Enbridge Gas is not required to consider alternatives to infrastructure facilities to meet the need. OEB staff submitted that the proposed route is appropriate.

F. Environmental Impacts

38. With respect to Environmental Impacts, PP asserted that Enbridge Gas would be at risk of not meeting its construction schedule as a result of regulatory restrictions on completing in-water works during sensitive spawning periods. Enbridge Gas submits that PP's submissions should be rejected, as no in-water works are planned, and the required permits for watercourse crossings have been obtained from the local conservation authority.
39. 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.⁴¹ 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 did not express any concerns with the environmental aspects of the Project.⁴²

⁴⁰ EB-2020-0091, Decision and Order, July 22, 2021, pp. 26-28.

⁴¹ PP submissions, p. 17.

⁴² OEB staff submissions, p. 15.

G. Indigenous Consultation

40. 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.⁴³ 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.⁴⁴

H. Conditions of Approval

41. 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."⁴⁵ ED goes on to argue that this is insufficient because the future OEB panel will be constrained in potentially disallowing costs because they will 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.

⁴³ OEB staff submissions, p. 17.

⁴⁴ 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.

⁴⁵ ED submissions, p. 14.

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.⁴⁶

42. 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.⁴⁷ That is a role best left to the providers of those non-natural gas energy solutions.
43. 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 comparisons.⁴⁸ 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.
44. 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.⁴⁹

⁴⁶ EB-2023-0313, Decision and Order (December 13, 2023), pp. 18-19.

⁴⁷ Exhibit I.ED-1, pp. 2-3.

⁴⁸ EB-2022-0200, Decision and Order (December 21, 2023), p. 140.

⁴⁹ OEB staff submissions, p. 18.

Enbridge Gas agrees that the OEB should approve the Project subject to the conditions of approval shown in Schedule A.

I. Conclusion

45. Enbridge Gas respectfully requests that the OEB review the Reply submissions expeditiously as there has already been a delay to the proceeding caused by ED's first motion (EB-2023-0313) and Enbridge Gas is concerned that any significant delay caused by ED's second motion (EB-2024-0114) could impact its construction schedule. Based on the foregoing, Enbridge Gas respectfully requests that the OEB reject the submissions of ED, PP and IP and issue an order granting leave to construct for the Sanford Community Expansion project pursuant to section 90 of the OEB Act without the conditions proposed by ED and PP.