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January 23, 2025

BY RESS AND EMAIL

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

Dear Nancy Marconi:

**Re: Enbridge Gas Inc. (Enbridge Gas)
Ontario Energy Board (OEB) File: EB-2023-0343
East Gwillimbury Community Expansion Project
Argument-In-Chief**

Pursuant to the OEB's Procedural Order No. 4, enclosed please find the Argument-in-Chief of Enbridge Gas for the above-noted proceeding.

If you have any questions, please contact the undersigned.

Sincerely,

Eric VanRuymbeke

Eric VanRuymbeke
Sr. Advisor – Leave to Construct Applications

c.c. Henry Ren (Enbridge Gas Counsel)
Arturo Lau (OEB Case Manager)
James Sidlofsky (OEB Counsel)
EB-2023-0343 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 provide access to natural gas within the Town of East Gwillimbury.

AND IN THE MATTER OF an Application by Enbridge Gas Inc. for an Order cancelling and superseding the existing Certificate of Public Convenience and Necessity held by Enbridge Gas Inc. for the former Township of East Gwillimbury and replacing it with a new Certificate of Public Convenience and Necessity to construct works to supply natural gas in the Town of East Gwillimbury;

AND IN THE MATTER OF an Application by Enbridge Gas Inc. for an Order cancelling and superseding the existing Certificate of Public Convenience and Necessity held by Enbridge Gas Inc. for the Township of King and replacing it with a new Certificate of Public Convenience and Necessity to construct works to supply natural gas in the Township of King.

ENBRIDGE GAS INC.

ARGUMENT-IN-CHIEF

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A. Introduction

1. Enbridge Gas Inc. (Enbridge Gas or the Company) filed an application (updated August 30, 2024) with the Ontario Energy Board (OEB) under section 90 of the *Ontario Energy Board Act, 1998* (OEB Act) for an order granting leave to construct for the East Gwillimbury Community Expansion Project, EB-2023-0343 (the Project). Enbridge Gas has also applied to the OEB under section 97 of the OEB Act for approval of the form of land-use agreements it offers to landowners for the routing and construction of the Project.
2. In the application, Enbridge Gas also requests that the OEB make the following orders pursuant to the *Municipal Franchises Act*:¹
 - pursuant to section 8 of the *Municipal Franchises Act*, an Order cancelling and superseding the existing Certificate of Public Convenience and Necessity (CPCN) held by Enbridge Gas for the former Township of East Gwillimbury and replacing it with a new CPCN to construct works to supply natural gas in the Town of East Gwillimbury that addresses both the municipal name change and the change in municipal boundaries; and
 - pursuant to section 8 of the *Municipal Franchises Act*, an Order cancelling and superseding the existing CPCN held by Enbridge Gas for the Township of King and replacing it with a new CPCN to construct works to supply natural gas in the Township of King that addresses the municipal boundary changes that have occurred.
3. This is the Argument-in-Chief of Enbridge Gas in respect of the Project application.

¹ Exhibit A, Tab 2, Schedule 1.

4. The Project will make natural gas available to 480 potential customers² in the Project area and the Company forecasts 263 customer attachments.³ Enbridge Gas seeks an order granting leave to construct in the Town of East Gwillimbury, Town of Georgina, Town of Whitchurch-Stouffville and the Township of King natural gas distribution pipelines and facilities consisting of nine pipeline sections organized in two construction phases:

Phase 1 includes:

- Section 1: Approximately 710 m of Nominal Pipe Size (NPS) 2-inch Polyethylene (PE) on Bathurst St., south of Queensville Sideroad W.
- Section 2: Approximately 90 m of NPS 4-inch PE on Yonge St. north of Doane Rd., and approximately 470 m of NPS 2-inch PE on Queens Ct.
- Section 3: Approximately 500 m of NPS 2-inch PE in Holland Landing, at the intersection of Mount Albert Rd., Queens St., and Yonge St.
- Section 4: Approximately 1.2 km of NPS 2-inch PE on 2nd Concession Rd. and Valley Trail.
- Section 5: Approximately 1.9 km of NPS 2-inch PE on Davis Dr., from Warden Ave. to Kennedy Rd.
- Section 8: Approximately 3.3 km of NPS 2-inch PE on Centre St., Queensville Sideroad E., and Orchard Ct.

Phase 2 includes:

- Section 6: Approximately 7.9 km of NPS 2-inch PE on Warden Ave., Holborn Rd., John Rye Trail, and Fairbairn Gate, and approximately 30 m of NPS 2-inch Steel (ST) to facilitate the station tie-in to the existing ST gas main.

² Exhibit I.STAFF-10 part e); Exhibit I.STAFF-11.

³ Exhibit A, Tab 2, Schedule 1, p. 3 (Updated August 30, 2024) and Exhibit B, Tab 1, Schedule 1, p. 1 (Updated August 30, 2024). "263 forecasted customers including: 238 residential, 6 agricultural and 19 commercial/industrial customers."

- Section 7: Approximately 10.1 km of NPS 4 inch and 2.1 km of NPS 2-inch PE on McCowan Rd., Pelosi Way, Patson Ct., and Manor Ridge Trail, and approximately 110 m of NPS 2-inch ST to facilitate the station tie-in to the existing ST gas main.
 - Section 9: Approximately 7.9 km of NPS 2-inch PE and 110 m of NPS 4-inch PE on Ravenshoe Rd. from Warden Ave., crossing Hwy 48 (MTO) and connecting Blake Ave. and York St.
5. The Project also includes Ancillary Facilities for which the Company is not seeking leave to construct, comprising two pressure reducing stations (Sections 6 and 7) and customer services.
6. The Project is in the public interest and the requested leave to construct should be granted. The Project is required to support the Government of Ontario's Natural Gas Expansion Program (NGEP) and is designed to expand access to safe, reliable, and affordable natural gas to areas of Ontario that do not currently have access to natural gas. The need for the Project is directly supported by the community's municipal government through their request for natural gas for their constituents. Core to the need for the Project is the clearly expressed preference and interest in natural gas service from future customers within the community in question. Through the combination of forecasted attachments, NGEP funding and the application of the planned System Expansion Surcharge (SES), the Project is economic.

B. Project Need

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

8. The OEB's decision on the need for a technical conference and intervenor evidence in this proceeding reinforces that evidence confirming the need for a community expansion project can be derived from the legislation establishing the NGEF, municipal support and customer support based on the surveys:

These applications do not involve the OEB making a choice between the approval of, or recommending, the use of heat pumps instead of an expansion of natural gas facilities in serving the relevant communities. Rather, the OEB must determine whether the public interest will be met by an approval of leave to construct for the NGEF-funded project. The principal evidence for this is derived from the legislation establishing the program and approving a commitment of funding the project through a selection process. Further confirmation of project need has been presented by survey and municipality representation favouring expansion of natural gas service.⁴

Community Support

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

The Natural Gas Expansion Program was created under the *Access to Natural Gas Act, 2018* to help expand access to natural gas to areas of Ontario that currently do not have access to the natural gas distribution system. This program encourages communities to partner with gas distributors on potential expansion projects that would not be built without additional financial support and submit information on these proposals to the Ontario Energy Board.⁵

10. As part of Phase 2 of the NGEF process, on June 9, 2021, the Government of Ontario announced that 28 projects across 43 communities were selected for Phase 2 funding. The Project was included in those that were selected for funding.⁶
11. Consistent with the NGEF's intent of a partnering between communities and Enbridge Gas to bring natural gas to unserved areas, Enbridge Gas has

⁴ Decision on Technical Conference and Intervenor Evidence, and Procedural Order No. 4 (January 13, 2025), p. 11.

⁵ Government of Ontario, *Natural Gas Expansion Program* < <https://www.ontario.ca/page/natural-gas-expansion-program> >

⁶ Exhibit B, Tab 1, Schedule 1, p. 3.

conducted consultation with the Town of East Gwillimbury⁷ and the residents in the Project area.

12. The Town of East Gwillimbury first formally identified its support for the proposed Project in a letter dated June 4, 2020.⁸ The Town of East Gwillimbury has emphasized their support for the Project through a second letter of support, dated November 15, 2023.⁹
13. To date, four letters of comment have been filed with the OEB. One letter was filed by a resident in the service area indicating their desire and commitment to convert to natural gas as soon as it becomes available. Three letters (two from the same party) indicated they do not reside in the impacted service area and specified their preference for heat pumps. As stated above in paragraph 8, the OEB has found that “these applications do not involve the OEB making a choice between the approval of, or recommending, the use of heat pumps” and therefore the letters of comment regarding the authors’ preference for heat pumps should be disregarded.
14. Enbridge Gas conducted surveys of potential residential and commercial/industrial customers in the Project area, to gauge interest in natural gas service. Enbridge Gas retained Forum Research, an independent third-party research firm, to conduct the surveys in spring 2023 (the Forum Survey).¹⁰
15. The Forum Survey informed potential residential, commercial and industrial consumers about the proposed Project and sought information pertaining to the characteristics of dwellings/buildings, including:
 - their nature (i.e., residential, commercial or industrial space, etc.);
 - the current energy type(s) relied upon; and,

⁷ Exhibit I.ED-2.

⁸ Exhibit B, Tab 1, Schedule 1, Attachment 2.

⁹ Ibid, Attachment 3.

¹⁰ Ibid, Attachment 4.

- interest in converting to natural gas-fueled equipment and/or appliances.¹¹

16. 76% of Forum Survey respondents indicated that they would be likely (extremely likely, very likely or likely) to convert to natural gas if it were made available. Of those likely to convert, approximately 82% indicated that they would convert within 1 year of natural gas service becoming available, 16% indicated they would convert within 1-2 years of natural gas service becoming available, and the remaining 3% would convert in 2 years or more of natural gas service becoming available.¹² Enbridge Gas has forecasted that 62 attachments (13% of the potential customers who will have access to natural gas) will occur in the first year of the Project.¹³

Growth Forecast

17. As shown in Table 1 below, Enbridge Gas has provided a ten-year growth forecast for expected customer additions in the Project area, which is informed by Municipal Property Assessment Corporation (MPAC) data, field data, the above-noted survey results showing high level of likely conversions, and an adjustment for the number of services that may not occur due to the increased Extra Length Charge (ELC).¹⁴

Table 1
Forecasted Customer Attachment for the Project¹⁵

East Gwillimbury Customer Additions	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total Forecasted
Residential Units (Singles)	60	36	36	23	23	12	12	12	12	12	238
Agricultural Units	0	5	1	0	0	0	0	0	0	0	6
Commercial/Industrial Units	2	8	4	3	2	0	0	0	0	0	19
Total	62	49	41	26	25	12	12	12	12	12	263

¹¹ Exhibit B, Tab 1, Schedule 1, p. 4.

¹² Ibid, para. 10.

¹³ Exhibit B, Tab 1, Schedule 1, p. 7, Table 2 (Updated August 30, 2024); Exhibit I.ED-6 part b).

¹⁴ Exhibit I.STAFF-10 part b).

¹⁵ Exhibit B, Tab 1, Schedule 1, p. 7, Table 2 (Updated August 30, 2024).

C. Alternatives

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

D. Project Cost and Economics

20. Based on the results of the E.B.O. 188 analysis and given the NGEP funding and the SES, Enbridge Gas submits that the Project is economically justified. The DCF analysis for the Project was prepared based on the Company's latest feasibility parameters (i.e., long-term debt rates, discount rates, tax rates, etc.)

¹⁶ Exhibit C, Tab 1, Schedule 1.

¹⁷ Ibid.

and included SES and NGEP funding, over a 40-year time period consistent with E.B.O. 188 and a fixed 40-year SES term as approved in EB-2019-0095.

21. Total estimated cost of the proposed Project is \$13.0 million (including both pipeline and ancillary facilities).¹⁸ Based on the forecast of costs and revenues before SES and NGEP funding, the Project had a PI of 0.24, which improves to 0.44 with the inclusion of the SES. The Company will require the NGEP funding to support the economic feasibility of the Project. After SES and NGEP funding, the Project currently has a net present value (NPV) of \$(0.0) and a PI of 1.0.¹⁹
22. Consistent with the OEB's direction in its Decision and Order in the Company's Application for approval of a System Expansion Surcharge, a Temporary Connection Surcharge and an Hourly Allocation Factor²⁰, upon placing the Project into service, a 10-year Rate Stability Period (RSP) will apply during which the Company will bear the risk of customer attachment and capital expenditure forecast for the Project.
23. The estimates of Project NPV and PI are subject to change as the Project progresses through the design and construction phase. Any variances from forecasted Project capital cost or revenues, including variances in the customer attachment forecast for the Project, will be managed by Enbridge Gas during the RSP. The final actual PI will be determined using actual information and will be communicated at the next rebasing application after the expiry of the RSP. The OEB has also determined that it will consider any questions about the treatment of any revenue surplus or shortfall beyond the RSP at that same time.²¹

¹⁸ Exhibit E, Tab 1, Schedule 1, p. 1 (Updated August 30, 2024).

¹⁹ Exhibit E, Tab 1, Schedule 1, p. 4, para. 13 (Updated August 30, 2024).

²⁰ EB-2020-0094, Decision and Order, December 4, 2020.

²¹ EB-2023-0200, Decision and Order, July 4, 2024, p. 24. The OEB has made similar findings in other NGEP decisions in 2023 (EB-2022-0156, EB-2022-0248, and EB-2022-0249) and 2024 (EB-2022-0111, EB-2023-0201, and EB-2023-0261).

E. Environmental

24. To select the Preferred Route (PR) for the Project, Enbridge Gas retained Dillon Consulting Ltd. (Dillon) to undertake a route evaluation and environmental and socio-economic impact study, which included cumulative effects assessment and Stage 1 Archaeological Assessment (AA). As part of the development of the studies, Enbridge Gas and Dillon implemented consultation programs to receive input from interested and potentially affected parties including Indigenous communities. This input was evaluated and integrated into the applicable studies. Mitigation measures designed to minimize environmental and community impacts resulting from construction and operation of the Project were also developed as part of the applicable studies.
25. Using the mitigation measures and monitoring and contingency plans found within the applicable Environmental Report, Environmental Protection Plan (EPP) and additional mitigation measures provided by regulatory agencies through the permitting and approval process, construction of the Project will have negligible impacts on the environment. No significant environmental or cumulative effects are anticipated from development of the proposed Project.²² Enbridge Gas will complete the EPP prior to mobilization and construction of the Project.

F. Land Matters

26. The PR for the Project follows the public road allowance for the majority of the Project's route. Enbridge Gas has obtained or will obtain all necessary consents to construct in road allowance from the applicable Township/County prior to commencing construction.²³
27. Temporary working areas may be required along the PR where the road allowance is too narrow or confined to facilitate construction. These areas will be

²² Exhibit F, Tab 1, Schedule 1, p. 6, para. 16.

²³ Exhibit G, Tab 1, Schedule 1, p. 1.

identified with the assistance of the contractor that will perform the construction. Agreements for temporary working rights will be negotiated where required.²⁴

G. Indigenous Consultation

28. Enbridge Gas is committed to creating processes that support meaningful engagement with potentially affected Indigenous groups (First Nations and Métis). Enbridge Gas has worked to build an understanding of Project related interests, ensure regulatory requirements are met, mitigate or avoid Project-related impacts on Indigenous interests including rights, and provide mutually beneficial opportunities where possible.
29. In response to the Company's letter dated November 1, 2022 regarding potential duty-to-consult requirements for the Project, the Ministry of Energy and Electrification (ENERGY) issued a Delegation Letter to Enbridge Gas for the Project on December 30, 2022,²⁵ indicating that ENERGY had delegated the procedural aspects of consultation to Enbridge Gas for the Project. On July 7, 2023, Enbridge Gas provided an updated description of the Project to ENERGY reflecting refinements to the design and PR of the Project made since the November 1, 2022 letter.²⁶ ENERGY responded to Enbridge Gas on July 26, 2023, confirming there were no changes to the communities identified for consultation in the Delegation Letter.²⁷
30. An Indigenous Consultation Report was provided to ENERGY on the dates of filing the initial and updated Application with the OEB. ENERGY will review Enbridge Gas's consultation with Indigenous groups potentially affected by the Project and provide its decision as to whether Enbridge Gas's consultation has been sufficient.

²⁴ Ibid.

²⁵ Exhibit H, Tab 1, Schedule 1, Attachment 2.

²⁶ Ibid, Attachment 3.

²⁷ Ibid, Attachment 4.

31. On January 9, 2025, ENERGY advised Enbridge Gas that they were in the process of conducting additional follow-ups with the communities that ENERGY hadn't spoken with and expect to be in a position to provide the letter of opinion soon. Upon receipt of ENERGY's decision regarding the sufficiency of Indigenous consultation on the Project, Enbridge Gas will file it with the OEB.

H. Conclusion

32. Based on the foregoing, Enbridge Gas respectfully requests that the OEB issue an order granting leave to construct for the Project pursuant to section 90 of the OEB Act and an order approving the forms of Temporary Land Use Agreement and Pipeline Easement as set out in Exhibit G, Tab 1, Schedule 1, Attachments 1 and 2 for the Project. Enbridge Gas also respectfully requests that the OEB issue orders pursuant to the *Municipal Franchises Act* cancelling and superseding (i) the existing CPCN held by Enbridge Gas for the former Township of East Gwillimbury and replacing it with a new CPCN to construct works to supply natural gas in the Town of East Gwillimbury that addresses both the municipal name change and the change in municipal boundaries, and (ii) the existing CPCN held by Enbridge Gas for the Township of King and replacing it with a new CPCN to construct works to supply natural gas in the Township of King that addresses the municipal boundary changes that have occurred.