

January 24, 2025

VIA RESS

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Dear Ms. Marconi:

**Re: EB-2024-0200 – Enbridge Gas Inc. (EGI) St. Laurent Pipeline Leave to Construct
Industrial Gas Users Association (IGUA) – Written Submissions**

Background

In the initial St. Laurent Ottawa North Replacement Project Application [EB-2020-0903] IGUA deferred to other parties' examination of, and submissions on, the details of the case therein advanced by EGI regarding the need for, and alternatives to, such reinforcement. In Final Argument IGUA expressed concern regarding the potential for a mismatch between the physical life and the economic useful life of the new natural gas infrastructure proposed.¹

Large industrial customers face significant barriers to “getting off gas”, even in the face of significant future underutilization of the gas system and potential resulting significant increases in the delivered cost of gas. Large industrial demand for natural gas is relatively inelastic, and IGUA's members are increasingly concerned about the risk of underutilization of (in particular new) natural gas infrastructure and the manifestation of that risk in higher delivered natural gas costs for remaining captive customers. In that context, IGUA commended careful consideration in the earlier St. Laurent application of whether EGI had established that the integrity of the existing pipeline is compromised and full replacement was required.

The OEB concluded that the need for replacement at that time had not been established. The OEB further stated:

¹ EB-2020-0093, IGUA Final Argument, March 24, 2022.

... to the extent applicable for future leave to construct applications, the OEB encourages Enbridge Gas to undertake in-depth quantitative and qualitative analyses of alternatives that specifically include the impact of IRP, DSM programs and de-carbonization efforts.²

...

... for similar future applications, the OEB urges Enbridge Gas to provide more details about life-cycle costs including abandonment cost and the probability of future under-utilization.

In support of the current application, EGI has provided evidence addressing the energy transition, and its relevance to consideration of the currently proposed project.³ We note in particular the following passage from that evidence (our emphasis):⁴

While much of the discourse regarding decarbonization is focused on readily available consumer technologies like electric air-source heat pumps and uses like building heat, this doesn't capture the full picture. Particularly, the capacity of the electricity system to accommodate electrification is frequently omitted from the discourse, as are the energy needs of large commercial and industrial customers, many of which may not have readily available means to decarbonize. For these customers the gas system provides critical energy today and a potential pathway to decarbonization in the future using low and zero carbon gasses, like renewable natural gas (RNG) and hydrogen.

As noted in IGUA's Final Argument in the earlier St. Laurent leave to construct application (emphasis in original):⁵

It should also be considered that de-carbonization may in fact require increased, not decreased, use of natural gas. While coal and heavier oils are no longer part of Ontario's power supply mix, they are still significant sources of energy and molecular inputs into Ontario's heavy industrial processes. IGUA has had inquiries from a number of large industrial operations about obtaining or increasing their access to natural gas as part of their decarbonization strategy.

IGUA's Submission on the Current Application

As in the first St. Laurent leave to construct application, IGUA has largely deferred in the current application to the work of other active intervenors for examination of, and submissions on, the details of the case advanced by EGI regarding the need for, and alternatives to, the currently proposed project. We have had the benefit of reviewing drafts of the submissions of SEC and ED, and have noted that those parties have raised a number of concerns regarding the energy transition impact analysis conducted by EGI.

² EB-2020-0093, *Decision and Order*, May 3, 2022, page 24, first full paragraph.

³ EB-2024-0200, Exhibit B, Tab 3, Schedule 1.

⁴ EB-2024-0200, Exhibit B, Tab 3, Schedule 1, paragraph 4.

⁵ EB-2020-0093, IGUA Final Argument, March 24, 2022, page 2, last full paragraph.

While continuing to generally defer to the work of others on the details of the case advanced by EGI regarding the need for, and alternatives to, the currently proposed project, we wish to note the following:

1. First, as does SEC, we recognize that EGI has made an attempt to address energy transition considerations in its evidence in support of the proposed capital project. IGUA acknowledges that step.
2. At the same time, IGUA shares the concerns of other parties, including in particular SEC and ED, regarding some shortcomings of that analysis.
3. As was the case in the first St. Laurent pipeline leave to construct application, IGUA commends careful consideration by the OEB of the evidence and submissions in this case regarding alternatives to the replacement project again advanced by EGI, in particular in light of the shortcomings identified by others in EGI's energy transition impact analysis.
4. While it may be helpful for the Board to provide EGI with some feedback on its approach to the energy transition analysis included in support of its project proposal, as does ED, IGUA urges the Board not to approve or sanction the particular form of that analysis at this time. IGUA understands that a fully developed approach to analysis and incorporation of energy transition considerations in capital planning and project evaluation will be the subject of EGI's next rebasing application and associated capital investment plan, as the OEB directed in EGI's Phase 1 Rebasing Decision [EB-2022-0200]. IGUA anticipates being fully engaged on the subject at that time.

Yours truly,



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