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April 11, 2025

VIA EMAIL and RESS

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-2024-0322
Kimball-Colinville and Bickford Maximum Operating Pressure Increase
Project (Project)
Letter of Comment - Response of Enbridge Gas**

Pursuant to the Rule 23.03 of the OEB's Rules of Practice and Procedure¹, this letter is the response of Enbridge Gas to the letter of comment² filed in the above-noted proceeding by Mr. Hilton Johnston (Mr. Johnston).

Notably, Mr. Johnston previously filed an intervention request³ in the EB-2024-0322 proceeding, which Enbridge Gas objected to via a letter dated February 21, 2025⁴. The OEB, in its Procedural Order No. 1 issued on February 28, 2025⁵, denied Mr. Johnston's intervention request and stated the following:

Rule 22.02 of the OEB's [Rules of Practice and Procedure](#) provides that the party applying for intervenor status must satisfy the OEB that it has a "substantial interest" in the proceeding. Given the issues of concern stated by Hilton Johnston, the scope of the current proceeding, and the lack of clarity around Hilton Johnston's representation of Ontario natural gas producers, the OEB finds that Hilton Johnston has not demonstrated that he has a substantial interest in this proceeding and therefore, his intervention request is denied.

Mr. Johnston, in his letter of comment, makes several out-of-scope submissions that are factually inaccurate. The facts of storage space regulation in Ontario are well documented as part of the Natural Gas Electricity Interface Review (NGEIR) proceeding (EB-2005-0551) and in various OEB proceedings since, and most recently discussed as part of Enbridge Gas's Phase 2 Rates proceeding (EB-2024-0111). The purpose of this

¹ [OEB Rules of Practice and Procedure](#)

² *Request for Board Intervention in Utility MOP Unregulated Storage Projects Using Regulated Storage Space in Ontario*, received by Enbridge Gas on April 1, 2025.

³ [Mr. Hilton Johnston Intervention Request](#)

⁴ [EGI Intervention Request Response Letter](#)

⁵ [Procedural Order No. 1](#)

letter is not to address all inaccuracies in Mr. Johnston's letter of comment, but rather to focus on a few key submissions. To be clear, while the issues raised by Mr. Johnston are out-of-scope and thus do not necessarily warrant a response on the substance in the context of this proceeding, Enbridge Gas is providing the following factual information and context so that some of the more significant problematic assertions do not go uncorrected on the public record.

1. *The NGEIR Decision with Reasons (NGEIR Decision)*⁶ was a thorough review of natural gas storage in Ontario and established a framework that has been operating successfully for nearly two decades

At the time of the NGEIR Decision, Union Gas Limited (Union) owned and operated approximately 160 PJ of storage space, which was greater than the need of its utility customers at that time. The OEB directed that storage space owned by Union in excess of 100 PJ be permanently allocated as a non-utility asset which Union could continue to sell at market-based rates (i.e., not rate-regulated by the OEB). Enbridge Gas Distribution (EGD) did not have excess storage space at that time, and therefore the entirety of its 99.7 PJ of storage space was allocated for utility purposes. Going forward, the NGEIR Decision directed that Union and EGD shareholders were to assume the risk associated with the non-utility storage space and its future development in Ontario.

The NGEIR proceeding also included a one-time financial split of assets that ensured fair treatment to rate payers and set up a framework under which Union and EGD were able to develop incremental storage space and deliverability under an unregulated model. Since the NGEIR Decision, Union and EGD – and successively, Enbridge Gas – have followed that framework to the satisfaction of the OEB.

Mr. Johnston's suggestion that Enbridge Gas's non-utility storage business has unfairly benefitted from the NGEIR Decision goes against nearly 20 years of regulatory precedent with the OEB and its decisions. Similarly, his suggestion that ratepayers should be compensated for unregulated storage development beyond the requirements of the existing OEB framework is without merit.

2. *Enbridge Gas non-utility business bears the risks when developing storage projects*

In accordance with the NGEIR Decision, the utility shareholders bear the risk of any storage development in the competitive market, which includes enhancement to existing storage facilities or new storage development. Investments required to increase storage space are fully funded by the non-utility business. The market mechanisms provide incentives to develop assets, and Enbridge Gas considers this when developing incremental storage space.

Mr. Johnston's suggestion that the OEB should now force Enbridge Gas to develop new greenfield storage pools over other methods is not in the spirit of placing all development risk on Enbridge Gas's non-utility storage business. The concept of increasing storage space through enhancement of existing storage assets was

⁶ [EB-2005-0551 Decision with Reasons](#)

contemplated at the time of NGEIR⁷ and is not something that should suddenly be considered inappropriate.

3. Enbridge Gas fairly compensates landowners for storage and land rights

Enbridge Gas holds the right to construct, operate, maintain, inspect, remove, replace, reconstruct and repair roadways, pipes or pipelines, tanks, stations, structures, compressors and equipment necessary or incidental to the operations pursuant to the Gas Storage Lease Agreement registered on the title of the properties in the Company's storage pools and fairly compensates the landowners for the use of the lands and any crop loss associated with operations and projects.

Mr. Johnston is requesting that the OEB require further compensation to ratepayers and landowners without any established methodology to calculate this compensation and without identifying where the NGEIR Decision or existing practice was deficient. Enbridge Gas asserts that the NGEIR Decision has supported the development of an unregulated storage market and has resulted in ratepayers and landowners being properly compensated in accordance with that Decision, and no further action is required.

Moreover, having had his intervenor request denied, Mr. Johnston continues to advance out-of-scope submissions (containing significant factual inaccuracies) by way of a public comment letter. This does not change the fact that it is not clear whom Mr. Johnston is representing. Indeed, as already found by the OEB in Procedural Order No. 1, Mr. Johnston did not provide any information to indicate that he was authorized to speak for Ontario natural gas producers or to indicate that he is an affected landowner. It continues to be unclear on what basis and in what capacity Mr. Johnston is making his latest comments on landowner compensation.

Please contact me if you have any questions.

Yours truly,



Evan Tomek
Senior Advisor, Regulatory Applications – Leave to Construct

cc: Henry Ren (Enbridge Gas Counsel)
Zora Crnojacki (OEB Staff)
James Sidlofsky (OEB Counsel)

⁷ Ibid, p. 51.