



DECISION AND ORDER

EB-2025-0090

SEDUM MASTER INC.

**Application for Approval of Municipal Franchise Agreement with,
and a Certificate of Public Convenience and Necessity for, the
Township of Blandford-Blenheim**

BEFORE: David Sword
Presiding Commissioner

Allison Duff
Commissioner

Anthony Zlahtic
Commissioner

September 2, 2025

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1 OVERVIEW

Sedum Master Inc. (Sedum) filed an application with the Ontario Energy Board (OEB) on February 14, 2025 under sections 8 and 9 of the *Municipal Franchises Act*, 1990 (Franchises Act) for approval of a franchise agreement with the Township of Blandford-Blenheim, and a certificate of public convenience and necessity to construct facilities and supply gas to its Greenhouse Facility (Greenhouse) located at Concession 2 N Part Lot 19 in the Township of Blandford-Blenheim.

The OEB approves the proposed franchise agreement between the Township of Blandford-Blenheim and Sedum for a 20-year term, as submitted. The OEB also approves the proposed limited certificate of public convenience and necessity.

The OEB considered the Township of Blandford-Blenheim's support of Sedum's application as Enbridge Gas Inc. (Enbridge Gas), the incumbent utility, holds the certificate for that territory. In approving the proposed agreement and certificate, the OEB also considered the purpose of the proposed pipeline. The OEB finds that the proposed pipeline constitutes a system bypass as it will supply gas to the Greenhouse, bypassing Enbridge Gas's system, and Sedum will install and operate its own facilities. The OEB applied the three-part bypass test in the Natural Gas Facilities Handbook¹ and finds that a bypass is appropriate in this case.

The OEB's approval is subject to the Conditions of Approval in Schedule C and the Order section includes additional filing requirements for Sedum.

¹ OEB's Natural Gas Facilities Handbook, March 31, 2022, p. 18.

2 CONTEXT AND PROCESS

A Notice of Hearing was issued by the OEB on March 10, 2025 and published online and in local newspapers on March 19, 2025. Enbridge Gas Inc. (Enbridge Gas) applied for and was granted intervenor status.

Procedural Order No.1 was issued on April 14, 2025, which amongst other things set the dates for the steps in the proceeding.

OEB staff and Enbridge Gas filed interrogatories on April 30, 2025 and Sedum filed interrogatory responses on May 14, 2025.

Enbridge Gas and OEB staff filed written submissions on May 27, 2025 and May 28, 2025 and Sedum filed a written reply submission on June 11, 2025, all in accordance with the dates established in Procedural Order No.1.

3 DECISION ON THE ISSUES

3.1 System Bypass

A system bypass occurs when a party other than the incumbent gas utility is permitted to construct a pipeline to serve one or more customers, despite the fact that the incumbent has a certificate for that area².

Enbridge Gas is currently serving Sedum's Greenhouse. Sedum explained that it completed expansions to its Greenhouse in 2015 and 2021 and requires additional volumes of gas to meet the expanded load. Sedum plans to construct a 4.5 km pipeline from an Enbridge Gas delivery station to its Greenhouse to supply the expanded load. Sedum stated that it has explored several options for service to the Greenhouse since 2016 with Enbridge Gas (and its predecessor company) but none have proven feasible; therefore, Sedum intends to construct its own pipeline. Table 1 summarizes the options that were explored to service the Greenhouse.³

Table 1: Options Explored to Serve Sedum's Greenhouse

Option	Description	Capital Cost	Sedum's Comment on Proposal
2016 Proposal from Union Gas Limited	A 2.5 km of 4-inch pipe would be constructed from Concession 2 and West ¼ Line Road from Burford to Gobles, then north to Sedum Master	\$118,000	Acceptable to Sedum but the former Union Gas Limited later advised this route was not feasible because of existing electricity lines
2020A Proposal from Union Gas Limited	A pipeline would be constructed from a metering station to Sedum Master	\$357,000	Acceptable to Sedum, but Enbridge Gas revised the proposal (see 2020B Proposal from Enbridge Gas)
2020B Proposal from Enbridge Gas	A station would be put at County Road 22 and Concession 3, then a pipeline would be	\$1 Million	

²² OEB's Natural Gas Facilities Handbook, March 31, 2022, p. 17.

³ Sedum Response to OEB Staff 1-d), May 14, 2025

Option	Description	Capital Cost	Sedum's Comment on Proposal
	constructed that would run east on Concession, and south on Gobles Road to Sedum Master (based on a 20-year minimum annual volume commitment from Sedum)		Not acceptable to Sedum
2021 Proposal from Enbridge Gas	Enbridge Gas revised its 2020B Proposal – eliminating the surcharge but increasing the estimated capital cost to \$2 million	\$2 Million	Not acceptable to Sedum

Sedum stated that the proposed pipeline has an estimated capital cost of \$500,000+HST. Sedum further stated that there is an additional amount of \$247,000 quoted by Enbridge Gas for the transfer station to supply the proposed pipeline.⁴

This issue of a system bypass was raised in the submission phase of the proceeding. It was not raised as an issue in the application, nor did Sedum request any particular relief in respect of bypass.

Enbridge Gas argued that Sedum's application is a physical bypass of its system. Enbridge Gas referenced the Greenfield Energy Centre Limited Partnership (GEC) leave to construct and certificate proceeding where the OEB defined a physical bypass as "the construction and use of a facility other than that of the distributor with a franchise to distribute gas in the territory. The end user would employ an alternative pipeline other than that being offered by the existing distributor in order for the end user to bypass the service of the LDC."⁵

⁴ Sedum Response to OEB Staff 3-a), May 14, 2025; RP-2005-0022 / EB-2005-0441 / EB-2005-0442 / EB-2005-0443 / EB-2005-0473 - Decision and Order (January 6, 2006)

⁵ Enbridge Gas Submission, May 27, 2025

OEB staff submitted that some considerations of system bypass may be relevant for assessing whether the application should be approved but overall, the application is not a bypass of Enbridge Gas's system as Sedum will remain a customer of Enbridge Gas. OEB staff noted that Sedum has indicated that it will remain a customer of Enbridge Gas and thereby it does not appear that any of the incumbent distributor's assets will be stranded or that approval of the application will materially harm existing ratepayers. OEB staff submitted that the evidence on record indicates that Enbridge Gas is not able to meet the operating needs of Sedum at a cost that is reasonable to Sedum and within the required timeline.⁶

Sedum argued that none of the necessary components of a physical bypass such as avoidance of the distributor's system, stranded utility assets, or harm to incumbent utility or rate payers are present in the application. Regarding the GEC leave to construct and certificate proceeding, Sedum stated that GEC was applying to avoid connecting and taking service from Union Gas or any other gas distributor in Ontario and thereby would be avoiding all distribution charges, which is not the case in this application. Sedum submitted that the proposed pipeline in this application is not stranding any Enbridge Gas assets, would not harm any of Enbridge Gas ratepayers and that Enbridge Gas would actually be constructing assets to accommodate Sedum's Greenhouse expansion and proposed pipeline.⁷

Findings

The OEB finds that the proposed Sedum pipeline constitutes a system bypass. The OEB is guided by the Natural Gas Facilities Handbook (Handbook) which defines a bypass (Sec 3.5, p. 17) as follows:

A system bypass occurs when a customer (often a large industrial customer) seeks to obtain natural gas distribution or transmission service from someone other than the utility that holds the certificate for that territory. The customer may instead seek service from another party (which may be a different natural gas utility) or install and operate its own facilities (emphasis added).

The OEB acknowledges that Sedum is a customer of Enbridge Gas and will continue to receive some gas supply directly from the utility's system after the proposed pipeline is operational. However, the definition of bypass is silent on customer-specific considerations such as the customer's current energy supplies, and whether it remains

⁶ OEB staff Submission, May 28, 2025

⁷ Sedum Master Reply Submission, June 11, 2025

a customer of the utility. Based on the Handbook, ownership of the facilities and the territory traversed are the relevant factors for the OEB to consider.

The OEB disagrees with Sedum and OEB staff that the customer's ongoing supply from the utility is relevant to determining whether a bypass exists or not. The OEB is satisfied that both supply sources may coexist – supplying the needs of one large volume customer.

As Sedum proposes to install and operate its own facilities, these facilities constitute a system bypass of the incumbent gas distributor, Enbridge Gas, which holds the certificate for that territory.

The OEB has considered the three questions identified in the Handbook for evaluating the merits of a system bypass:

1. Can the incumbent gas distributor meet the operating needs of the customer that is the subject of the system bypass application?
2. Will any of the distributor's assets be stranded?
3. Would allowing a system bypass materially harm existing ratepayers or otherwise not be in public interest?

The evidence indicates that since 2016 the incumbent gas distributor (Enbridge Gas) has tried to efficiently meet the operating needs of the customer at a cost that is reasonable to Sedum. This process between the customer and the incumbent utility has been going on for eight years and has failed to produce a satisfactory result.

Further, there does not appear to be a risk of stranding any of Enbridge Gas's assets, as Sedum will remain a customer of Enbridge Gas and continue to use the existing facilities that serves the Greenhouse.

Finally, there is no material risk of harm to existing rate payers: as previously noted, Sedum will continue to use existing Enbridge Gas services, pay rates to Enbridge Gas and there is no material risk of any stranded assets. The OEB therefore finds that the proposed pipeline constitutes a system bypass, a bypass is appropriate in this case and as discussed in further detail below, it will approve Sedum's proposed franchise agreement and certificate.

3.2 Municipal Franchise Agreement

Should the franchise agreement with the proposed changes be approved?

A person is not permitted to provide gas distribution service within a municipality in Ontario unless, among other things, the requirements of the Municipal Franchises Act

have been met. These include obtaining the OEB's approval for the terms of a by-law (in the form of a franchise agreement) with the municipality in which the works are to be located.⁸

Sedum applied to the council of the Township of Blandford-Blenheim for approval of a franchise agreement. On July 8, 2022, the Council of the Township of Blandford-Blenheim passed resolution number 19 approving the form of the franchise agreement and By-Law authorizing submission to the OEB.

The OEB has a standard Model Franchise Agreement (Model), which provides a template to guide applicants and municipalities regarding the standard terms that the OEB finds reasonable under the Municipal Franchises Act. The filing requirements state that a franchise application should include a copy of a draft bylaw and the proposed franchise agreement, which should be in the form of the Model unless there is a compelling reason for deviation.⁹

Sedum is requesting an order granting the approval of an amended version of the Model. Sedum outlined the proposed changes as follows:

- a) The defined term "Gas Company" should be changed to "Sedum". Sedum stated that this is a helpful clarification reflecting the fact that it is not a gas distributor, and the pipeline that Sedum will build is solely for the purpose of only serving itself (The Sedum Greenhouse operation) and no other customer. This proposed change is reflected in over 50 places.
- b) The reference to the "gas system" being for the distribution, storage and transmission of gas should be narrowed to reference only "distribution" – making clear that Sedum is not seeking to do anything other than self-supply via the pipeline to be built. This proposed change is reflected in three places.
- c) The references to gas delivery to "inhabitants of the Municipality" by a pipeline "in or through the Municipality" should be deleted and replaced with text to note that the pipeline will deliver gas only to Sedum. This proposed change is in the definition of "gas system" and in sections 2 and 3 of the agreement.

Sedum argued that the changes were made to the Model to more accurately reflect the narrow scope of its franchise agreement and certificate requests.

⁸ OEB's Natural Gas Facilities Handbook, March 31, 2022, p. 10.

⁹ OEB's Natural Gas Facilities Handbook, March 31, 2022, p.11.

Enbridge Gas argued that the proposed amendments by Sedum are not justified and that any franchise agreement approved for Sedum should conform to the Model. Enbridge Gas submitted that the OEB has repeatedly confirmed that generic changes to the Model are not within the scope of review of an application for the approval of one specific franchise agreement.

OEB staff submitted that Sedum's franchise application should be approved but that the franchise agreement should be based on the standard terms and conditions of the Model, without amendment. OEB staff noted that the OEB's long-held view is that the Model best meets the public interest and that the OEB has stated that the Model framework "is preferable to a piecemeal approach of negotiating terms specific to a franchise."

Findings

The OEB approves the franchise agreement as submitted by Sedum. The changes proposed by Sedum are specific to the circumstances of this application and reflect that the pipeline is intended solely to service its own operations and not those of the broader municipality. The OEB finds these circumstances to be compelling and sufficient to justify a deviation from the Model. The OEB notes that the proposed changes are supported by the local municipality. The approved franchise agreement is attached to this Decision in Schedule A.

In considering the changes proposed by Sedum to the Model, the OEB is guided by the Handbook which expects that franchises will be based on the Model, "unless there is a compelling reason for deviation."¹⁰ In a recent franchise application for the City of Guelph, the OEB confirmed that this is the test that it will use in considering proposed changes to individual Franchise Agreements.¹¹

Given the limited purpose of this pipeline and the narrow scope of the proposed changes, the OEB finds that Sedum's application for a franchise agreement—incorporating three deviations from the Model Franchise Agreement—is justified for the following reasons:

- 1) A change to the term "Gas Company."

Sedum proposed to change the defined term "Gas Company" to "Sedum" throughout the agreement.

¹⁰ EB-2022-0081, Ontario Energy Board, Natural Gas Facilities Handbook, March 31, 2022

¹¹ EB-2025-0058 - Procedural Order No. 1, March 13, 2025

The OEB agrees with Sedum that this is a helpful clarification as it reflects the fact that Sedum is not a gas distributor and that the pipeline that Sedum will build is solely for the purpose of serving itself (i.e. its Greenhouse operations) and no other customer.

This change is reflected in over 50 places in the agreement.

- 2) A change to narrow the reference of the “gas system” to being “distribution” only.

The OEB agrees with Sedum’s proposal to narrow the reference to the “gas system” in the Model Franchise Agreement—originally encompassing distribution, storage, and transmission—to refer solely to “distribution,” as the company does not intend to serve any customers beyond its own operations, and it will not be transmitting or storing gas.

This change is reflected in 3 places in the agreement.

- 3) A change to specify Sedum is providing natural gas service solely for its own operations and not to the community at large.

The OEB agrees with Sedum’s revision to the language concerning gas delivery. Instead of stating that gas will be delivered to the “inhabitants of the Municipality” via a pipeline located “in or through the Municipality,” the amended text now specifies that the pipeline will deliver gas exclusively to Sedum.

This change both reflects and confirms that no other inhabitants of the Municipality will receive gas service from this pipeline.

This change is reflected in the definition of “gas system” and in sections 2 and 3 of the agreement.

3.3 Certificate of Public Convenience and Necessity

Should the OEB grant Sedum a limited Certificate of Public Convenience and Necessity?

Section 8 of the Municipal Franchises Act requires that no person shall construct any works to supply natural gas in any municipality without the approval of the OEB, and that such approval shall not be given unless public convenience and necessity appear to require that such approval be given. The OEB grants its approval in the form of a certificate.

Sedum has requested a certificate limited in geographic scope to the lands known as concession 2 N Part Lot 19 in the Township of Blandford-Blenheim to construct the proposed pipeline.

Enbridge Gas holds a certificate for the Township of Blandford-Blenheim dated July 16, 2010.¹² The area for which Sedum seeks a certificate is part of Enbridge Gas's certificate area.

The Handbook states that the OEB may issue a certificate that does not cover the entire geographic area of a municipality but is instead limited to a route along certain defined roads or an area defined by metes and bounds. The filing requirements state that new entrants are to provide details pertaining to their financial and technical capacity to construct, operate, and maintain the natural gas works contemplated in the certificate area.¹³

Sedum submitted that the proposed pipeline will be constructed, owned, operated and maintained by Sedum for its exclusive benefit and that it will not be used to serve any other person or Enbridge Gas customer. Sedum stated that it is not a rate regulated entity and that "ensuring the financial and technical capacity of a new utility applicant that will provide an essential service to the public is not at play in this application." Sedum submitted that it is the only entity impacted by the proposed pipeline and that it has every incentive to ensure the financial and technical capacity to construct, operate and maintain the proposed pipeline.

Enbridge Gas raised concerns regarding Sedum's ability to safely design and operate the proposed pipeline. Further, Enbridge Gas indicated that it would not accept a contribution-in-aid of construction for the transfer station until all permit and regulatory approvals have been met.

OEB staff submitted that Sedum will fund the construction of the proposed pipeline and transfer station work and that it has no customers other than itself. As a result, the detailed financial and technical information that would typically be required for a new entrant is not required in this specific circumstance given that there is no risk to ratepayers from the approval of the requested certificate.

Findings

The OEB approves Sedum's limited Certificate of Public Convenience and Necessity (Certificate) to construct works and supply natural gas to its Greenhouse in the Township of Blandford-Blenheim (Municipality).

¹² EB-2010-0211

¹³ EB-2022-0081, Ontario Energy Board, Natural Gas Facilities Handbook, March 31, 2022, p. 11

Having considered the application filed by Sedum, and in light of the OEB's findings on the appropriateness of a system bypass in this case and given the Conditions of Approval in Schedule C of this Decision, the OEB finds that approval of the Certificate meets the test of public convenience and necessity.

The Municipality is already covered by a certificate held by Enbridge Gas, yet the OEB can issue multiple certificates to different parties within a single municipality. The Handbook states that the OEB will generally not issue certificates with overlapping areas, however an exception may be a utility having a certificate for a "traversing pipeline" that crosses another utility's service area. In this instance, notwithstanding that Sedum is not a traditional utility, it has proposed to construct a "traversing pipeline" and for that reason the OEB finds that it meets the exception criteria identified in the Handbook to be issued a certificate.

Issuing the Certificate will enable Sedum to meet its growing energy needs in an efficient and cost-effective manner by constructing a pipeline to service its Greenhouse facility. Sedum stated in its interrogatory responses that it could build the pipeline for significantly less than what Enbridge Gas proposed to charge it.

The concerns raised by Enbridge Gas regarding the need for Sedum to obtain certain approvals from the various safety and environmental bodies to construct and operate this single customer pipeline are noted. The OEB has a list of conditions of approval that are included in Schedule C to this Decision that includes a provision to address Enbridge Gas's concern.

Regarding Enbridge Gas's concerns about the perceived lack of a geographical description of the pipeline's route, the OEB finds the route map in Appendix A, page 12 of Sedum's updated application dated February 25, 2025 to be sufficient. The Certificate will cover the pipeline route as shown in the updated application.

The OEB further notes that Section 6 of the Franchise Agreement requires Sedum to submit "as-built" drawings detailing the pipeline's location, depth, and distance to the Municipality following completion of the project. In addition, Sedum shall file the "as built" drawings with the OEB and shall provide Enbridge Gas with same.

Should Enbridge Gas seek to distinguish its existing certificate in the Municipality from Sedum's approved Certificate, Enbridge Gas could file a request to update its existing certificate in the Municipality for the OEB's consideration.

3.4 Applicability of Gas Distribution Access Rule (GDAR)

Does GDAR apply to this pipeline?

The OEB's GDAR establishes conditions of access to gas distribution services provided by a gas distributor and sets out rules governing the conduct of gas distributors toward gas vendors, including gas marketers.

Sedum submitted that it will not be subject to GDAR as it does not meet the definition of a "gas distributor" from GDAR, and that it is seeking a limited certificate to supply itself and that the proposed pipeline will not be an open access line and will not deliver gas to any consumer.

Enbridge Gas disagreed that Sedum is not subject to the requirements of GDAR. Enbridge Gas argued that the definitions of distributor and gas distributor in the *Ontario Energy Board Act, 1998* apply to Sedum with respect to the proposed pipeline. As a result, all the requirements of GDAR apply to Sedum's operation.

Findings

The main purpose of GDAR is, amongst other things, to establish conditions of access to gas distribution services provided by a gas distributor and to establish customer service rules for rate-regulated gas distributors along with a customer complaint process.¹⁴

GDAR applies to gas distributors. GDAR defines a gas distributor as "a person who delivers gas to a consumer."¹⁵ Sedum is constructing a dedicated pipeline to supply its own Greenhouse operations within the Municipality and will not be extending service to any other customers. The application for a limited Certificate of Public Convenience and Necessity and its proposed geographically scoped Franchise Agreement both confirm and support this intention.

The OEB disagrees with Enbridge Gas's assertion that GDAR should apply. Sedum will not be delivering or distributing gas to a third party. The OEB considers a "consumer", for the purpose of GDAR applicability, to be someone other than the person delivering gas. The provisions of GDAR are focused on the relationship between the gas distributor and the consumer. As the OEB concludes that Sedum is not a gas distributor within the meaning of GDAR, the OEB finds that GDAR does not apply to it.

¹⁴ GDAR, section 1.1.1.

¹⁵ GDAR, section 1.2.1.

3.5 Conditions of Approval

Section 23 of the OEB Act permits the OEB, when making an order, to “impose such conditions as it considers proper”.

OEB staff provided draft conditions of approval in its interrogatories to Sedum that it submitted should be considered by the OEB when determining whether to deny or approve the application. The draft conditions would require Sedum to provide the OEB with written notice of construction commencement and completion, any changes to the proposed facilities, the in-service date, and the designation of a project manager. Sedum proposed some modifications to OEB staff’s draft condition regarding the selection of a project manager that were supported by OEB staff in its submission.

Findings

The OEB approves Sedum’s proposed three conditions of approval with one additional fourth condition. The fourth additional condition is necessary to provide the OEB assurance of the safe and reliable operation of the proposed pipeline that will bypass utility service.

- Sedum Master Inc. shall obtain all necessary approvals, permits, licences, certificates, agreements, and rights required to construct, operate, and maintain the pipeline.

The OEB also approves the additional words proposed by Sedum regarding the selection of a project manager. The OEB finds that it is not necessary for the project manager to be a Sedum employee, and it is appropriate to allow Sedum the flexibility to select a representative.

The approved Conditions of Approval are set out in Schedule C of this Decision.

4 ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. The terms and conditions upon which, and the period for which, the Township of Blandford-Blenheim is, by by-law, to grant to Sedum Master Inc. the right to construct and operate works for the distribution, of natural gas, and the right to extend and add to the works, in the municipality, as set out in the municipal franchise agreement attached as Schedule A, are approved.
2. The assent of the municipal electors to the by-law is not necessary.
3. A certificate of public convenience and necessity, attached as Schedule B to this Decision and Order, is granted to Sedum Master Inc. for the pipeline located on the lands known as Concession 2 N Part Lot 19 in the Township of Blandford-Blenheim. The Conditions of Approval to the granted certificate are set out in Schedule C.
4. Sedum Master Inc. is not permitted to serve additional customers without first applying for and receiving approval of the OEB.
5. Sedum Master Inc. shall in accordance with Section 6 of the Franchise Agreement submit “as-built” drawings detailing the pipeline’s location, depth, and distance to the municipality following completion of the project. In addition, Sedum Master Inc. shall provide the OEB and Enbridge Gas Inc. with a copy of same.
6. Sedum Master Inc. shall pay the OEB’s costs incidental to this proceeding upon receipt of the OEB’s invoice.

DATED at Toronto September 2, 2025

ONTARIO ENERGY BOARD

Ritchie Murray
Acting Registrar

SCHEDULE A
DECISION AND ORDER
MUNICIPAL FRANCHISE AGREEMENT
SEDUM MASTER INC
EB-2025-0090
SEPTEMBER 2, 2025



Ontario Energy Board

Ontario

Model Franchise Agreement

THIS AGREEMENT effective this _____

BETWEEN:

THE CORPORATION OF THE TOWNSHIP OF BLANDFORD-BLENHEIM

hereinafter called the "Corporation"

- and -

SEDUM MASTER INC.

hereinafter called the "Sedum"

WHEREAS Sedum desires to distribute, store and transmit gas in the Municipality upon the terms and conditions of this Agreement;

AND WHEREAS by by-law passed by the Council of the Corporation (the "By-law"), the duly authorized officers have been authorized and directed to execute this Agreement on behalf of the Corporation;

THEREFORE the Corporation and Sedum agree as follows:

Part I - Definitions

1. In this Agreement:
 - a. "decommissioned" and "decommissions" when used in connection with parts of the gas system, mean any parts of the gas system taken out of active use and purged in accordance with the applicable CSA standards and in no way affects the use of the term 'abandoned' pipeline for the purposes of the *Assessment Act*;
 - b. "Engineer/Road Superintendent" means the most senior individual employed by the Corporation with responsibilities for highways within the Municipality or the person designated by such senior employee or such other person as may from time to time be designated by the Council of the Corporation;
 - c. "gas" means natural gas, manufactured gas, synthetic natural gas, liquefied petroleum gas or propane-air gas, or a mixture of any of them, but does not

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include a liquefied petroleum gas that is distributed by means other than a pipeline;

- d. "gas system" means such mains, plants, pipes, conduits, services, valves, regulators, curb boxes, stations, drips or such other equipment as Sedum may require or deem desirable for the distribution of gas to its facility at 855217 Gobles Road, Princeton, Ontario, N0J 1V0;
- e. "highway" means all common and public highways and shall include any bridge, viaduct or structure forming part of a highway, and any public square, road allowance or walkway and shall include not only the travelled portion of such highway, but also ditches, driveways, sidewalks, and sodded areas forming part of the road allowance now or at any time during the term hereof under the jurisdiction of the Corporation;
- f. "Model Franchise Agreement" means the form of agreement which the Ontario Energy Board uses as a standard when considering applications under the *Municipal Franchises Act*. The Model Franchise Agreement may be changed from time to time by the Ontario Energy Board;
- g. "Municipality" means the territorial limits of the Corporation on the date when this Agreement takes effect, and any territory which may thereafter be brought within the jurisdiction of the Corporation;
- h. "Plan" means the plan described in Paragraph 5 of this Agreement required to be filed by Sedum with the Engineer/Road Superintendent prior to commencement of work on the gas system; and
- i. whenever the singular, masculine or feminine is used in this Agreement, it shall be considered as if the plural, feminine or masculine has been used where the context of the Agreement so requires.

Part II - Rights Granted

2. To provide gas service:

The consent of the Corporation is hereby given and granted to Sedum to transmit gas to its facility as noted in Paragraph 1.d. above in the Municipality to the Corporation.

3. To Use Highways.

Subject to the terms and conditions of this Agreement the consent of the Corporation is hereby given and granted to Sedum to enter upon all highways now or at any time hereafter under the jurisdiction of the Corporation and to lay, construct, maintain, replace, remove, operate and repair a gas system for the distribution of gas to its facility as noted in Paragraph 1.d. above in and through the Municipality.

4. Duration of Agreement and Renewal Procedures.

- Draft
- a. If the Corporation has not previously received gas distribution services, the rights hereby given and granted shall be for a term of 20 years from the date of final passing of the By-law. or
 - b. If the Corporation has previously received gas distribution services, the rights hereby given and granted shall be for a term of 20 years from the date of final passing of the By-law provided that, if during the 20-year term this Agreement, the Model Franchise Agreement is changed, then on the 7th anniversary and on the 14th anniversary of the date of the passing of the By-law, this Agreement shall be deemed to be amended to incorporate any changes in the Model Franchise Agreement in effect on such anniversary dates. Such deemed amendments shall not apply to alter the 20-year term.
 - c. At any time within two years prior to the expiration of this Agreement, either party may give notice to the other that it desires to enter into negotiations for a renewed franchise upon such terms and conditions as may be agreed upon. Until such renewal has been settled, the terms and conditions of this Agreement shall continue, notwithstanding the expiration of this Agreement. This shall not preclude either party from applying to the Ontario Energy Board for a renewal of the Agreement pursuant to section 10 of the *Municipal Franchises Act*.

Part III - Conditions

5. Approval of Construction

- a. Sedum shall not undertake any excavation, opening or work which will disturb or interfere with the surface of the travelled portion of any highway unless a permit therefor has first been obtained from the Engineer/Road Superintendent and all work done by Sedum shall be to his satisfaction.
- b. Prior to the commencement of work on the gas system, or any extensions or changes to it (except service laterals which do not interfere with municipal works in the highway), Sedum shall file with the Engineer/Road Superintendent a Plan, satisfactory to the Engineer/Road Superintendent, drawn to scale and of sufficient detail considering the complexity of the specific locations involved, showing the highways in which it proposes to lay its gas system and the particular parts thereof it proposes to occupy.
- c. The Plan filed by Sedum shall include geodetic information for a particular location:
 - i. where circumstances are complex, in order to facilitate known projects, including projects which are reasonably anticipated by the Engineer/Road Superintendent, or

- ii. when requested, where the Corporation has geodetic information for its own services and all others at the same location.
- d. The Engineer/Road Superintendent may require sections of the gas system to be laid at greater depth than required by the latest CSA standard for gas pipeline systems to facilitate known projects or to correct known highway deficiencies.
- e. Prior to the commencement of work on the gas system, the Engineer/Road Superintendent must approve the location of the work as shown on the Plan filed by Sedum, the timing of the work and any terms and conditions relating to the installation of the work.
- f. In addition to the requirements of this Agreement, if Sedum proposes to affix any part of the gas system to a bridge, viaduct or other structure, if the Engineer/Road Superintendent approves this proposal, he may require Sedum to comply with special conditions or to enter into a separate agreement as a condition of the approval of this part of the construction of the gas system.
- g. Where the gas system may affect a municipal drain, Sedum shall also file a copy of the Plan with the Corporation's Drainage Superintendent for purposes of the *Drainage Act*, or such other person designated by the Corporation as responsible for the drain.
- h. Sedum shall not deviate from the approved location for any part of the gas system unless the prior approval of the Engineer/Road Superintendent to do so is received.
- i. The Engineer/Road Superintendent's approval, where required throughout this Paragraph, shall not be unreasonably withheld.
- j. The approval of the Engineer/Road Superintendent is not a representation or warranty as to the state of repair of the highway or the suitability of the highway for the gas system.

6. As Built Drawings.

Sedum shall, within six months of completing the installation of any part of the gas system, provide two copies of "as built" drawings to the Engineer/Road Superintendent. These drawings must be sufficient to accurately establish the location, depth (measurement between the top of the gas system and the ground surface at the time of installation) and distance of the gas system. The "as built" drawings shall be of the same quality as the Plan and, if the approved pre-construction plan included elevations that were geodetically referenced, the "as built" drawings shall similarly include elevations that are geodetically referenced. Upon the request of the Engineer/Road Superintendent, Sedum shall provide one copy of the drawings in an electronic format and one copy as a hard copy drawing.

7. Emergencies

In the event of an emergency involving the gas system, Sedum shall proceed with the work required to deal with the emergency, and in any instance where prior approval of the Engineer/Road Superintendent is normally required for the work, Sedum shall use its best efforts to immediately notify the Engineer/Road Superintendent of the location and nature of the emergency and the work being done and, if it deems appropriate, notify the police force, fire or other emergency services having jurisdiction. Sedum shall provide the Engineer/Road Superintendent with at least one 24 hour emergency contact for Sedum and shall ensure the contacts are current.

8. Restoration

Sedum shall well and sufficiently restore, to the reasonable satisfaction of the Engineer/Road Superintendent, all highways, municipal works or improvements which it may excavate or interfere with in the course of laying, constructing, repairing or removing its gas system, and shall make good any settling or subsidence thereafter caused by such excavation or interference. If Sedum fails at any time to do any work required by this Paragraph within a reasonable period of time, the Corporation may do or cause such work to be done and Sedum shall, on demand, pay the Corporation's reasonably incurred costs, as certified by the Engineer/Road Superintendent.

9. Indemnification

Sedum shall, at all times, indemnify and save harmless the Corporation from and against all claims, including costs related thereto, for all damages or injuries including death to any person or persons and for damage to any property, arising out of Sedum operating, constructing, and maintaining its gas system in the Municipality, or utilizing its gas system for the carriage of gas owned by others. Provided that Sedum shall not be required to indemnify or save harmless the Corporation from and against claims, including costs related thereto, which it may incur by reason of damages or injuries including death to any person or persons and for damage to any property, resulting from the negligence or wrongful act of the Corporation, its servants, agents or employees.

10. Insurance

- a. Sedum shall maintain Comprehensive General Liability Insurance in sufficient amount and description as shall protect Sedum and the Corporation from claims for which Sedum is obliged to indemnify the Corporation under Paragraph 9. The insurance policy shall identify the Corporation as an additional named insured, but only with respect to the operation of the named insured (Sedum). The insurance policy shall not lapse or be cancelled without sixty (60) days' prior written notice to the Corporation by Sedum.
- b. The issuance of an insurance policy as provided in this Paragraph shall not be construed as relieving Sedum of liability not covered by such insurance or in excess of the policy limits of such insurance.

- c. Upon request by the Corporation, Sedum shall confirm that premiums for such insurance have been paid and that such insurance is in full force and effect.

11. Alternative Easement

The Corporation agrees, in the event of the proposed sale or closing of any highway or any part of a highway where there is a gas line in existence, to give Sedum reasonable notice of such proposed sale or closing and, if is feasible, to provide Sedum with easements over that part of the highway proposed to be sold or closed sufficient to allow Sedum to preserve any part of the gas system in its then existing location. In the event that such easements cannot be provided, the Corporation and Sedum shall share the cost of relocating or altering the gas system to facilitate continuity of gas service, as provided for in Paragraph 12 of this Agreement.

12. Pipeline Relocation

- a. If in the course of constructing, reconstructing, changing, altering or improving any highway or any municipal works, the Corporation deems that it is necessary to take up, remove or change the location of any part of the gas system, Sedum shall, upon notice to do so, remove and/or relocate within a reasonable period of time such part of the gas system to a location approved by the Engineer/Road Superintendent.
- b. Where any part of the gas system relocated in accordance with this Paragraph is located on a bridge, viaduct or structure, Sedum shall alter or relocate that part of the gas system at its sole expense.
- c. Where any part of the gas system relocated in accordance with this Paragraph is located other than on a bridge, viaduct or structure, the costs of relocation shall be shared between the Corporation and Sedum on the basis of the total relocation costs, excluding the value of any upgrading of the gas system, and deducting any contribution paid to Sedum by others in respect to such relocation; and for these purposes, the total relocation costs shall be the aggregate of the following:
 - i. the amount paid to Sedum employees up to and including field supervisors for the hours worked on the project plus the current cost of fringe benefits for these employees,
 - ii. the amount paid for rental equipment while in use on the project and an amount, charged at the unit rate, for Sedum equipment while in use on the project,
 - iii. the amount paid by Sedum to contractors for work related to the project,
 - iv. the cost to Sedum for materials used in connection with the project, and

- v. a reasonable amount for project engineering and project administrative costs which shall be 22.5% of the aggregate of the amounts determined in items (i), (ii), (iii) and (iv) above.

- d. The total relocation costs as calculated above shall be paid 35% by the Corporation and 65% by Sedum, except where the part of the gas system required to be moved is located in an unassumed road or in an unopened road allowance and the Corporation has not approved its location, in which case the Sedum shall pay 100% of the relocation costs.

Part IV - Procedural And Other Matters

13. Municipal By-laws of General Application

The Agreement is subject to the provisions of all regulating statutes and all municipal bylaws of general application, except by-laws which have the effect of amending this Agreement.

14. Giving Notice

Notices may be delivered to, sent by facsimile or mailed by prepaid registered post to Sedum at its head office or to the authorized officers of the Corporation at its municipal offices, as the case may be.

15. Disposition of Gas System

- a. If Sedum decommissions part of its gas system affixed to a bridge, viaduct or structure, Sedum shall, at its sole expense, remove the part of its gas system affixed to the bridge, viaduct or structure.
- b. If Sedum decommissions any other part of its gas system, it shall have the right, but is not required, to remove that part of its gas system. It may exercise its right to remove the decommissioned parts of its gas system by giving notice of its intention to do so by filing a Plan as required by Paragraph 5 of this Agreement for approval by the Engineer/Road Superintendent. If Sedum does not remove the part of the gas system it has decommissioned and the Corporation requires the removal of all or any part of the decommissioned gas system for the purpose of altering or improving a highway or in order to facilitate the construction of utility or other works in any highway, the Corporation may remove and dispose of so much of the decommissioned gas system as the Corporation may require for such purposes and neither party shall have recourse against the other for any loss, cost, expense or damage occasioned thereby. If Sedum has not removed the part of the gas system it has decommissioned and the Corporation requires the removal of all or any part of the decommissioned gas system for the purpose of altering or improving a highway or in order to facilitate the construction of utility or other works in a highway, Sedum may elect to relocate the decommissioned gas system and in that event Paragraph 12 applies to the cost of relocation.

16. Use of Decommissioned Gas System

- a. Sedum shall provide promptly to the Corporation, to the extent such information is known:
 - i. the names and addresses of all third parties who use decommissioned parts of the gas system for purposes other than the transmission or distribution of gas; and
 - ii. the location of all proposed and existing decommissioned parts of the gas system used for purposes other than the transmission or distribution of gas.
- b. Sedum may allow a third party to use a decommissioned part of the gas system for purposes other than the transmission or distribution of gas and may charge a fee for that third party use, provided
 - i. the third party has entered into a municipal access agreement with the Corporation; and
 - ii. Sedum does not charge a fee for the third party's right of access to the highways.
- c. Decommissioned parts of the gas system used for purposes other than the transmission or distribution of gas are not subject to the provisions of this Agreement. For decommissioned parts of the gas system used for purposes other than the transmission and distribution of gas, issues such as relocation costs will be governed by the relevant municipal access agreement.

17. Franchise Handbook

The Parties acknowledge that operating decisions sometimes require a greater level of detail than that which is appropriately included in this Agreement. The Parties agree to look for guidance on such matters to the Franchise Handbook prepared by the Association of Municipalities of Ontario and the gas utility companies, as may be amended from time to time.

18. Other Conditions

The following paragraph shall be inserted as a special condition in the old Union Gas franchise area, which is understood to be the franchise area of Union Gas in southwestern Ontario prior to its merger with Centra Gas.

Notwithstanding the cost sharing arrangements described in Paragraph 12, if any part of the gas system altered or relocated in accordance with Paragraph 12 was constructed or installed prior to January 1, 1981, the Gas Company shall alter or relocate, at its sole expense, such part of the gas system at the point specified, to a location satisfactory to the Engineer/Road Superintendent

19. Agreement Binding Parties

This Agreement shall extend to, benefit and bind the parties thereto, their successors and assigns, respectively.

IN WITNESS WHEREOF the parties have executed this Agreement effective from the date written above.

THE CORPORATION OF THE TOWNSHIP OF BLANDFORD-
BLENHEIM

By: _____

Duly Authorized Officer

SEDUM MASTER INC.

By: Name

Signature _____

I have the authority to bind the Corporation.

SCHEDULE B
DECISION AND ORDER
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY
SEDUM MASTER INC
EB-2025-0090
SEPTEMBER 2, 2025

EB-2025-0090

Certificate of Public Convenience and Necessity

The Ontario Energy Board grants

Sedum Master Inc.

approval under section 8 of the *Municipal Franchises Act*, R.S.O. 1990, c. M.55, as amended, to construct works to supply natural gas in the

Township of Blandford-Blenheim

as it is constituted on the date of this Decision and Order.

DATED at Toronto September 2, 2025

ONTARIO ENERGY BOARD

Ritchie Murray
Acting Registrar

SCHEDULE C
DECISION AND ORDER
CONDITIONS OF APPROVAL
SEDUM MASTER INC
EB-2025-0090
SEPTEMBER 2, 2025

Sedum Master Inc.

**Application for a Limited Certificate of Public Convenience and Necessity for the
Township of Blandford-Blenheim**

CONDITIONS OF APPROVAL

1. Sedum Master Inc. shall give the OEB notice in writing of:
 - a. Commencement of construction, at least ten days prior to the date construction commences.
 - b. Planned in-service date, at least ten days prior to the date the facilities go into service.
 - c. Date on which construction was completed, no later than 10 days following the completion of construction.
 - d. In-service date, no later than 10 days after the facilities go into service.
2. Sedum Master Inc. shall advise the OEB of any change to the proposed facilities as described in its application and evidence, prior to implementing the change.
3. Sedum Master Inc. shall designate one of its employees or a representative as project manager who will be responsible for the fulfillment of these conditions. Sedum Master shall provide the employee's or representative's name and contact information to the OEB. The project manager will be responsible for the fulfillment of the conditions of approval on the site.
4. Sedum Master Inc. shall obtain all necessary approvals, permits, licences, certificates, agreements, and rights required to construct, operate, and maintain the pipeline.