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BY EMAIL

January 14, 2026

Ritchie Murray
Acting Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
Registrar@oeb.ca

Dear Mr. Murray:

**Re: Ontario Energy Board (OEB) Staff Submission
Enbridge Gas Inc.
Application for the Renewal of a Municipal Franchise Agreement with, and a
Certificate of Public Convenience and Necessity for the City of Guelph
OEB File Number: EB-2025-0058**

Please find attached OEB staff's submission in the above referenced proceeding, pursuant to Procedural Order No. 6.

Yours truly,

Natalya Plummer
Advisor, Natural Gas Applications

Encl.

cc: All parties in EB-2025-0058



ONTARIO ENERGY BOARD

OEB Staff Submission

Enbridge Gas Inc.

**Application for the Renewal of a Municipal Franchise Agreement with,
and Certificate of Public Convenience and Necessity for the City of
Guelph**

EB-2025-0058

January 14, 2026

1 Introduction and Application Overview

1.1 Application Overview

Enbridge Gas operates in the City of Guelph under a franchise agreement that was effective May 16, 2005. The franchise agreement is based on the standard terms and conditions of the OEB's Model Franchise Agreement.

On January 6, 2024, Enbridge Gas Inc. (Enbridge Gas) applied to the Ontario Energy Board (OEB) for orders under sections 8 and 10 of the Municipal Franchises Act, 1990, granting a franchise renewal with, and a certificate for the City of Guelph (City).

The City of Guelph and eMERGE Guelph Sustainability (eMERGE Guelph), taking objection with the application, have intervened in the proceeding and are requesting that the OEB consider additions and amendments to the terms and conditions in sections 11, 12, and 15(b), to the Model Franchise Agreement as proposed by Enbridge Gas.

In OEB staff's view, the intervenors have not raised issues or sought to introduce evidence that could be considered as properly falling within the scope of this proceeding. In OEB staff's respectful view, the renewal should be granted, and the franchise agreement should be based on the standard terms and conditions of the Model Franchise Agreement, without amendment.

As of the time of this filing, the City of Guelph and eMERGE Guelph have not made submissions about the certificate request. OEB staff is of the view that the OEB should approve the certificate request.

1.2 Process

The OEB issued a notice of hearing on February 13, 2025. Interventions closed on February 24, 2025.

The City of Guelph and eMERGE Guelph each applied for intervenor status on February 24, 2025. eMERGE Guelph also applied for cost eligibility.

Procedural Order No.1 was issued on March 13, 2025 and approved both the City of Guelph and eMERGE Guelph as intervenors.

The OEB established dates for the filing of interrogatories on Enbridge Gas's evidence, intervenor evidence, interrogatories and interrogatory responses on the intervenor evidence, written submissions and a reply submission through several procedural orders.¹ The parties to the proceeding filed the required documents by the dates established in the procedural orders.

¹Procedural Order No.2 Issued on May 29, 2025; Procedural Order No.3 Issued on June 12, 2025; Procedural Order No.4 Issued on August 26, 2025; Procedural Order No.5 Issued on December 4, 2025.

2 Franchise Renewal Request

Amendments Proposed by the City of Guelph and Evidence

In its intervention request, the City of Guelph stated that it seeks revisions to the Model Franchise Agreement in furtherance of the following objectives:

- To provide for flexibility in the event of a change in law, including to allow the City of Guelph to charge fees for use of public property if and when Ontario Regulation 584/06 under the *Municipal Act, 2001*, is amended to allow such charges;
- Ensure that the City of Guelph is not liable to pay for any gas infrastructure relocations needed due to conflicts with municipal infrastructure; and
- Advocate that any future charges for use of municipal property are not passed on to Guelph customers of the gas distribution company.

The City of Guelph seeks the following amendments to **paragraph 11** which it states would make it that “the City is not responsible to share the cost of relocating gas line if the property is no longer available to the City.”:

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 the Gas Company reasonable notice of such proposed sale or closing and, if it is feasible, to provide the Gas Company with easements over that part of the highway proposed to be sold or closed sufficient to allow the Gas Company to preserve any part of the gas system in its then existing location. In the event that such easements cannot be provided, the Gas Company shall ~~share~~ bear the cost of relocating or altering the gas system to facilitate continuity of gas service, ~~as provided for in paragraph 12 of this agreement~~ in that event Paragraph 12 applies to the cost of relocation.”

The City of Guelph seeks amendments to **paragraph 12** to revise the calculation of the “total relocation costs” in 12(c), to revise the percentage of the cost allocation between the City of Guelph in 12(d) and to specify exceptions that would be Enbridge Gas’s full responsibility. The City of Guelph states these amendments would “address costs to the City for gas infrastructure relocations or removals due to conflicts with municipal infrastructure, including where the City incurs a loss or expense by reason of Enbridge not relocating its infrastructure within a reasonable time and delaying a City project, or not removing or relocating decommissioned infrastructure.” Paragraphs 12(c) and 12(d) of the Model Franchise Agreement currently state:

- 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 the Gas Company on the basis of the total relocation costs, excluding the value of

any upgrading of the gas system, and deducting any contribution paid to the Gas Company 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 Gas Company 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 Gas Company equipment while in use on the project,
 - iii. the amount paid by the Gas Company to contractors for work related to the project,
 - iv. the cost to the Gas Company 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 the Gas Company, 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 Gas Company shall pay 100% of the relocation costs.

The City of Guelph seeks the following amendments to **paragraph 15(b)** which it states would “require Enbridge to remove any part of its decommissioned gas system that is within a City road allowance where the City has identified a strong potential for future conflicts with anticipated maintenance projects.”

*If the Gas Company 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 the Gas Company does ~~not~~ **elect** to 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~~ **and in that event Paragraph 12 shall apply to the cost of removal.** If the Gas Company 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, the Gas Company may elect to relocate the decommissioned gas system and in that event Paragraph 12 applies to the cost of relocation.”

On July 2, 2025, the City of Guelph filed its evidence as provided for in Procedural Order No. 2. The evidence consisted of the following:

- Affidavits
 - Kyle Gibson, the manager of Technical Services of Engineering & Transportation Services for the City of Guelph
 - Tijo Joseph, Project Manager of Energy and Climate Change division for the City of Guelph
- Documents related to the relocations and repairs of Enbridge Gas Lines in the City of Guelph
- Policy and City Planning Documents
 - City of Guelph Official Plan
 - City of Guelph Indigenous Framework
 - City Strategic Plan
 - City of Guelph’s Call to Climate Action
- Correspondence between Enbridge Gas and the City of Guelph, Staff reports and minutes from various committee and council meetings

Amendments Proposed by eMERGE Guelph and Evidence

eMERGE Guelph summarizes its revisions to the Model Franchise Agreement as follows:

- In **paragraph 12(c)**, a modification to the current cost-sharing requirements for pipeline relocations to accommodate municipal infrastructure, including through elimination or reduction of the current 35% cost allocation to the City of Guelph.
- In **paragraph 15(b)**, a modification to require removal of decommissioned parts of the gas system by Enbridge Gas upon request by the Corporation.
- A **new paragraph** that would allow the City of Guelph to submit a notice to Enbridge Gas triggering a renegotiation process in the event that O.Reg. 584/06 is amended to remove the prohibition on municipalities charging fees to gas distributors for the use of highway lands.

eMERGE Guelph states that the amendments it seeks to the Model Franchise Agreement are warranted because they are in the public interest. eMERGE Guelph argues that the process to develop the Model Franchise Agreement was over 25 years

ago and did not consider circumstances specific to the City of Guelph such as its unique environmental and financial interests and policies. eMERGE Guelph also argues that the amendment it seeks to the Model Franchise Agreement pertaining to O.Reg 548/06 is important but small.

On July 2, 2025, eMERGE Guelph filed its evidence as provided for in Procedural Order No. 2. The evidence consisted of the following:

- Affidavit of Indigo Moran, resident of the City of Guelph
- Affidavit of Robert Blakeney, resident of the City of Guelph
- Affidavit of Evan Ferrari, Director of eMERGE Guelph Sustainability

OEB Staff Submission

Section 10 of the MFA

Section 10 of the MFA generally applies where a franchise agreement reaches the end of its term and the parties to the agreement have been unable to agree on the terms and conditions for renewing or extending it. Section 10 gives the OEB the power, “if public convenience and necessity appear to require it”, to renew the right of a gas company to operate the gas distribution system in a municipality, “upon such terms and conditions as may be prescribed by the OEB”.

Specifically, sections 10(1), (2) and (5) of the Municipal Franchises Act provide as follows:

(1) Where the term of a right [...] to operate works for the distribution of gas has expired or will expire within one year, either the municipality or the party having the right may apply to the Board for an order for a renewal of or an extension of the term of the right.

(2) The Board has and may exercise jurisdiction and power necessary for the purposes of this section and, if public convenience and necessity appear to require it, may make an order renewing or extending the term of the right for such period of time and upon such terms and conditions as may be prescribed by the Board, or if public convenience and necessity do not appear to require a renewal or extension of the term of the right, may make an order refusing a renewal or extension of the right.

(5) An order of the Board heretofore or hereafter made under subsection (2) renewing or extending the term of the right or an order of the Board under subsection (4) shall be deemed to be a valid by-law of the municipality concerned assented to by the municipal electors for the purposes of this Act and of section 58 of the Public Utilities Act.

That the OEB may issue an order renewing a franchise under section 10 of the MFA even when there is no agreement between the municipality and the gas company is a

view that has also been held consistently by the OEB and confirmed by the Courts.²

Despite the power of the OEB to impose terms on parties under section 10 of the MFA, the OEB has consistently stated its expectation that franchise agreements be based on the Model “unless there is a compelling reason for deviation” so that, ultimately, it is applied fairly and uniformly throughout the province.

As noted in the OEB’s Natural Gas Facilities Handbook, the OEB adopted the Model Franchise Agreement following significant input from interested stakeholders (including municipalities) and has applied it consistently in efficiently administering the many franchise agreements across the Province.

For the reasons provided below, OEB staff submits that the OEB should exercise its jurisdiction under s. 10(2) of the MFA to renew the franchise between Enbridge Gas and the City of Guelph on the terms of the standard Model Franchise Agreement.

Cost Sharing Provisions

The majority of the amendments that both the City of Guelph and eMERGE Guelph seek are related to the cost sharing provisions in paragraphs 11, 12 and 15 of the Model Franchise Agreement.

The OEB has found in previous franchise renewal proceedings that the cost sharing provisions in the Model Franchise Agreement should apply uniformly across the province. For instance, in the Municipality of Leamington Franchise and Certificate proceeding³, the Municipality of Leamington argued that “due to its unique geography and drainage systems, it would be faced with paying 35% of the costs of pipeline relocations more often than other municipalities, and that this would place an unnecessary burden upon its taxpayers.” The Municipality of Leamington further argued that “an exemption from the cost sharing provisions related to relocations caused as a result of drainage works is reasonable in these circumstances and public policy would dictate such costs should be spread amongst the Enbridge ratepayers, rather than the Municipality’s taxpayers”.⁴ OEB staff was of the view that even if the Municipality’s position with respect to its unique geography is accepted the cost sharing provisions of the Model Franchise Agreement should apply and that cost-sharing provisions of the Model Agreement were intended to apply uniformly throughout the Province.

OEB staff submitted that it would not be in the public interest for all of Enbridge Gas’s customers to pay for additional costs where those costs are attributable to the unique topography of the Municipality (assuming this is the case).⁵

Enbridge Gas argued that additional costs would be passed on to Enbridge Gas’s

² EB-2012-0072; EB-2017-0232; EB-2022-0201; EB-2024-0280; EB-2024-0351

³ EB-2022-0201, Decision and Order, March 30, 2023

⁴ EB-2022-0201, Decision and Order, March 30, 2023, page 9

⁵ EB-2022-0201, Decision and Order, March 30, 2023, page 10

ratepayers throughout the province if the cost-sharing formula in paragraph 12 (d) of the Model Franchise Agreement does not apply in the Municipality. Enbridge Gas submitted that there is no compelling reason to amend the Model Franchise Agreement for the Municipality.⁶

The OEB found that the franchise renewal should be based on the standard terms and conditions of the Model Franchise Agreement without amendment. The OEB stated that “the standard terms that address cost-sharing in the Model Agreement were developed to provide certainty and resolve any dispute in an equitable manner.” The OEB referenced the Ontario Court of Appeal’s decision in *Union Gas Limited v. The Corporation of the Township of Norwich*⁷ (Norwich) which it stated supported the view that in general, the Model Franchise Agreement as best meeting the public interest by providing fair treatment of both the civic duties of the Municipality and the fair treatment of Enbridge Gas’s ratepayers. This is preferable to a piecemeal approach of negotiating terms specific to a franchise.⁸

In response to a OEB staff question about why it would be in the public interest to modify cost-sharing provisions in the Model Franchise Agreement that apply uniformly across the province for the City of Guelph, the City of Guelph stated that “The local electors in the City of Guelph have not assented to use City tax dollars to pay for infrastructure relocations or removals of gas lines that belong to Enbridge Gas Ltd. The citizens of the City of Guelph have demonstrated, through their Council representatives and in the letters of comment filed in the system during the course of this hearing, that it is not in the public interest to subsidize the infrastructure relocations or removals for gas lines.”⁹

As a signatory of the franchise agreement, the views of the City of Guelph Council and local residents are important but need to be assessed against what is in the public interest of all Ontarians. As stated by the OEB in the decision in the *Centra Gas and the Township of Pittsburgh* franchise proceeding, in determining public convenience and necessity:

...guided by the objectives of the OEB Act [and] that in the OEB’s view public interest and public convenience and necessity are broader than local, parochial interests and the Board is required to consider matters affecting provincial gas distribution as a whole and not just local interests. [...] In considering each individual application to renew or extend a franchise, the Board must balance the specific interests of all direct stakeholders, including ratepayers, the municipality and the utility shareholder, against the broader public interest. And, while the views of the municipality should be taken into account by the Board they are not

⁶ EB-2022-0201, Decision and Order, March 30, 2023, page 10-11

⁷ 2018 ONCA 11

⁸ Ibid

⁹ City of Guelph Response to OEB Staff 3a), July 30, 2025

determinative of the issue of determining where public convenience and necessity lies.¹⁰

OEB staff submits that the cost sharing provisions in the Model Franchise Agreement were developed to apply uniformly across the province and that it is in the public interest that they apply to the City of Guelph. OEB staff is of the view that neither the City of Guelph nor eMERGE Guelph have described factors that are unique to the City of Guelph that would warrant a deviation from the cost sharing provisions in the Model Franchise Agreement and therefore the cost sharing provisions in the Model Franchise Agreement should not be modified for the City of Guelph.

On October 15, 2025, the OEB issued a letter advising interested stakeholders that it will hold a generic proceeding to review the OEB's Model Franchise Agreement. OEB staff submits that any proposed changes to the cost sharing provisions in the Model Franchise Agreement may be addressed during the generic proceeding. In that case, OEB staff anticipates that implementation matters regarding any changes that the OEB may approve to the standard Model Franchise Agreement arising from the generic hearing will also be addressed at that time.

Out of Scope and Generic Issues

OEB staff is of the view that a large focus of the evidence filed by both the City of Guelph and eMERGE Guelph was on climate change issues which are broad and may affect every municipality in Ontario. OEB staff notes that Procedural Order No.1 issued on March 13, 2025, stated that broad issues that may have implications for communities and natural gas consumers across Ontario which are not specific to the City of Guelph will not be within the scope of this proceeding. Procedural Order No.2 issued on May 29, 2025, reiterated that this is not a generic proceeding and that broad issues that affect consumers across Ontario will not be considered. OEB staff submits that any arguments advanced by the City of Guelph and eMERGE Guelph pertaining to deviations from the standard terms and conditions of the Model Franchise Agreement pertaining to climate change should not be considered in this proceeding.

OEB staff also notes that some of the evidence filed was related to the potential repeal or amendment of O. Reg. 584/06. In Procedural Order No. 2, the OEB determined that evidence related to efforts to amend O. Reg. 548/06 was not helpful and that any legislative or regulatory changes under consideration at this time remain speculative and therefore fall outside the scope of this application. OEB staff submits that any arguments advanced by the City of Guelph and eMERGE Guelph pertaining to deviations from the standard terms and conditions of the Model Franchise Agreement pertaining to O. Reg. 584/06 should not be considered.

Overall, in OEB staff's respectful submission, there is no evidence on the record of this

¹⁰ *Centra Gas (Ontario) Inc., Re, 2000 Carswell 10612 (E.B.A. 825/872).*

proceeding that supports the conclusion that the OEB should deviate from the standard terms of the Model Franchise Agreement should it decide to approve the application and issue an order renewing the natural gas franchise between Enbridge Gas and the City of Guelph.

3 Certificate Request

Enbridge holds a certificate dated June 25, 1957 that covers the geographic area of the City of Guelph as it was constituted at that time.¹¹ Enbridge Gas explained that the boundaries of the City of Guelph have changed since the certificate was issued due to several annexations and that it has certificate rights for all of the lands that formed the City of Guelph.¹² The certificate request is to account for changes to the boundaries of the City of Guelph since the certificate was issued.

Enbridge Gas states that it holds certificates and franchises for the municipalities that are immediately adjacent to the City of Guelph and that the request does not affect another person's certificate rights.

As of the time of this filing, the City of Guelph and eMERGE Guelph have not made submissions about the certificate request.

OEB Staff Submission

OEB staff submits that the OEB should approve Enbridge Gas's request for a new certificate for the City of Guelph that aligns to the current boundaries of the City of Guelph.

OEB staff notes that F.B.C 109 covers four municipalities. OEB staff submits that in its reply submission, Enbridge Gas should discuss whether F.B.C 109 can be cancelled entirely or just amended to remove the City of Guelph. Enbridge Gas should also discuss the status of certificates F.B.C 99, F.B.C. 192, F.B.C 332, F.B.C. 99, F.B.C. 110, F.B.C 192, and F.B.C 209 as Enbridge Gas notes that portions of lands that were annexed to the City of Guelph were covered under these certificates. This would clarify whether an order granting a new certificate for the City of Guelph should also include amendments to these certificates.

~All of which is respectfully submitted~

¹¹ F.B.C 109

¹² F.B.C.99, F.B.C 332; F.B.C 110; F.B.C 192; E.B.C 209, EB-2007-0021