



Model Franchise Agreement Generic Proceeding

Information Session

April 15, 2026

Information Session: **Technical Difficulties**

If you experience any technical difficulties during this information session, please send an email to: ithelp@oeb.ca

Agenda



- 01 Land Acknowledgement

- 02 Information Session Overview

- 03 About the Ontario Energy Board

- 04 Municipal Gas Franchises & The Model Franchise Agreement

- 05 Model Franchise Agreement Review

- 06 OEB Practice and Procedures

- 07 Q&A

01: LAND ACKNOWLEDGEMENT

Information Session: Disclaimer

This information session and accompanying slide deck is prepared and presented by OEB staff. The information presented during this information session is not representative of or binding on the OEB or the panel of commissioners assigned to the proceeding. The OEB panel retains discretion with regards to the course of this proceeding including the ability to make determinations on any matter of law and fact under the OEB's jurisdiction.

02: SESSION OVERVIEW

Information Session: Overview and Objectives

Session Goals:

- To provide general information about the regulatory regime for natural gas franchises in Ontario and the Model Franchise Agreement.
- To provide context about why the OEB is initiating a generic review of the Model Franchise Agreement.
- To outline the typical procedural steps and elements of an OEB proceeding.
- To provide information about intervenor participation, grouping, cost awards, and next steps.

Session Scope:

- This information session will not form part of the public record for the proceeding.
- OEB staff will not be addressing specific feedback or opinions on the draft issues list.



03: ABOUT THE OEB

Ontario Energy Board

Who we are

Ontario's Independent Energy Regulator

- We oversee Ontario's electricity and natural gas sectors.
- We make decisions and rules to ensure that consumers are treated fairly and that the energy sector is reliable and sustainable.
- Our goal is to promote a sustainable and efficient energy sector.
- Our objective is to be a trusted regulator who is recognized for enabling Ontario's growing economy and improving the quality of life for the people of this province who deserve safe, reliable and affordable energy.

What we do

We oversee how energy companies operate to ensure the public interest is served

- Set rates that energy utilities can charge to consumers.
- Approve new electricity transmission lines and natural gas pipelines.
- Establish and enforce the rules for natural gas and electricity utilities operating in Ontario.
- Adjudicate natural gas franchise applications including the renewal and extension of franchise agreements.

04: MUNICIPAL GAS FRANCHISES & THE MODEL FRANCHISE AGREEMENT

Municipal Franchises Act

The **Municipal Franchises Act** is a provincial statute administered by the OEB which governs a utility's right to provide natural gas distribution service and use municipal highways and rights-of-way to construct and operate natural gas works within a municipality.

Under the *Act*, a person is not permitted to provide natural gas distribution service or construct natural gas works within a municipality in Ontario unless the person obtains: (1) a **certificate** of public convenience and necessity from the OEB and (2) a **municipal franchise** from the municipality in which the works are to be located.

The terms and conditions of a municipal franchise are set out in the form of a **franchise agreement** (contract), which is signed between the utility and the municipality and which must be approved by the OEB.

Municipal Franchises Act

R.S.O. 1990, CHAPTER M.55

Repealed: From December 11, 2025 to the e-Laws currency date.

2025, c. 22, Sched. 2, s. 1-7.

1996, c. 1, Sched. M, s. 25; 1998, c. 15, Sched. E, s. 21; 1999, c. 14, Sched. F, s. 7; 2001, c. 25, Sched. D, s. 1; 2025, c. 22, Sched. 2, s. 1-7.

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Restriction
Consent of council of city, when required
Extension of certain existing works not to be made without by-law
Exceptions:
Extension of franchise
Approval for construction of gas works or supply of gas in municipality
Gas franchise by-law to be approved by Energy Board
Application to Energy Board for renewal, etc., of gas franchise
Transition, application for order under s. 9 or 10

What is the Model Franchise Agreement?



Model Franchise Agreement

THIS AGREEMENT effective this day of 20

BETWEEN:

hereinafter called the "Corporation"

- and -

hereinafter called the "Gas Company"

WHEREAS the Gas Company 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 the Gas Company 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;

The **Model Franchise Agreement** is a template agreement which includes standard terms and conditions that gas utilities and municipalities are expected to include in their individual franchise agreements. The standard term of an agreement is 20 years.

To ensure fairness, transparency and consistency across Ontario with respect to the rights conferred under franchise agreements, the OEB developed the Model Franchise Agreement after significant input from interested stakeholders.

Today, virtually all municipal franchise agreements in Ontario are in the form of the OEB's Model Franchise Agreement. The OEB generally expects that municipalities and gas utilities will adopt the terms of the Model Franchise Agreement without amendment, unless a compelling, unique reason can be demonstrated for deviation.

History of the Model Franchise Agreement

1957

Municipal franchise agreements for the distribution of gas were first introduced in Ontario in the early 1900s.

Most agreements were established after 1957 when natural gas from western Canada was first transmitted to Ontario and large-scale gas distribution became possible.

Each franchise agreement was negotiated on an individual basis.

1987

In November 1985, the OEB held a generic hearing to address emerging concerns regarding municipal franchise agreements.

This collaborative process included interested individuals, citizens' groups, municipalities, associations and utility companies, and led to the creation of the Model Franchise Agreement.

The Model was published in 1987 and has served as a template for most franchise agreements going forward.

2000

In December 1998, the Association of Municipalities of Ontario (AMO) sent a letter to the OEB requesting the OEB consider amendments to the 1987 Model Franchise Agreement.

Following significant input from municipalities, gas utilities, organizations, and AMO, the OEB revised the Model Franchise Agreement in 2000, with incremental updates completed in 2001. This version of the Model is still used today.


05: MODEL FRANCHISE AGREEMENT REVIEW

Model Franchise Agreement Review: Context

- Since 2020, the OEB has approved 129 uncontested franchise renewal applications, alongside nine applications that were contested.
- A renewal application is uncontested when the municipality supports renewing its franchise agreement with the utility and passes a council resolution that approves the utility to submit a draft bylaw and franchise agreement to the OEB for approval.
- A renewal application is contested when the municipality (or other intervenor group) does not support renewing its franchise agreement with the utility. The utility can request that the OEB exercise its jurisdiction under section 10 of the *Municipal Franchises Act* to impose terms of a franchise agreement on the utility and municipality.
- In recent years, several municipalities and local interest groups have challenged certain terms of the Model Franchise Agreement during individual franchise proceedings. Many of these challenges raised issues that are generic in nature.
- A generic issue is one that applies to multiple entities within the sector, rather than an issue that is specific to a particular individual or entity. Generic issues can arise through applications or may be identified through discussions on trends that Commissioners or OEB staff are observing in the sector.
- In the case of municipal gas franchise proceedings, many parties challenging the Model Franchise Agreement were seeking changes to the standard terms of the Model Franchise Agreement itself. These types of changes were outside the scope of individual gas franchise proceedings.

Model Franchise Agreement Review: **Initiation**

- In response, the Chief Commissioner of the OEB issued a letter on October 15, 2025, indicating the intention of the OEB to commence a generic proceeding to conduct a limited review of the Model Franchise Agreement.
- On March 26, 2026, the OEB issued a formal public **Notice** that commenced this proceeding, outlined its purpose, and provided instructions on how to participate.



NOTICE OF A HEARING

Generic Review of the Model Franchise Agreement for Natural Gas

On October 15, 2025, the Chief Commissioner of the Ontario Energy Board (OEB) issued a letter indicating the OEB's intention to commence a generic proceeding to conduct a limited review of the **Model Franchise Agreement**. The OEB is now initiating this proceeding on its own motion pursuant to section 19 of the *Ontario Energy Board Act, 1998*.

What is a Model Franchise Agreement?

Before a natural gas utility can provide gas service within a municipality, it must enter into a franchise agreement with that municipality. A franchise agreement is an operational contract between a municipality and a gas utility that sets out the rights and obligations of both parties. All franchise agreements must be approved by the OEB.

The OEB adopted the Model Franchise Agreement to ensure fairness, transparency and consistency among individual franchise agreements across Ontario. The OEB expects that gas utilities and municipalities will use the terms of the Model Franchise Agreement without amendment, unless there is a compelling reason for deviation.

Why is the OEB Initiating this Proceeding?

In recent years, several municipalities and local community-based interest groups in Ontario have challenged certain terms of the Model Franchise Agreement during individual gas franchise proceedings. Many of these challenges raised issues of a generic nature, focusing on certain sections of the Model Franchise Agreement itself, rather than unique municipality-specific circumstances.

Information Session

OEB staff will hold a virtual information session about this proceeding on the morning of **April 15, 2026, beginning at 9:30 AM**. This information session will not be transcribed, nor will it form part of the public record. Its purpose is to provide general information about the Model Franchise Agreement and the regulatory framework for municipal gas franchises and the typical steps in an OEB proceeding. OEB staff will not be addressing specific feedback on the draft issues list during the session as there will be an opportunity to provide comments at a later date. To sign up for the virtual information session scheduled for the morning of April 15, 2026 please complete the form at **Information Session Registration** by **April 10, 2026**. Details on how to login to the information session will be provided at a later date.

Intervention Requests

Municipalities, gas utilities, and other interested parties who wish to actively participate in this proceeding must apply for intervenor status and, where applicable, cost eligibility using the OEB's online **Intervention Form** by **April 20, 2026**. Municipalities and gas utilities will be granted intervenor status. Other interested parties may be granted intervenor status and, in their intervenor requests, are required to clearly identify and explain their substantial interest in the issues to be addressed within the scope of this proceeding.

Collaborating as a group, rather than participating individually, can support a more efficient and coordinated regulatory process. Municipalities in particular are encouraged to work together and consider a group approach where common interests exist. For

Model Franchise Agreement Review: Objectives and Scope

- This proceeding will involve the limited review of the templated form of the Model Franchise Agreement.
- This proceeding will not entail a review of individual franchise agreements that have been signed by specific municipalities and gas utilities.
- The OEB identified several generic issues in the draft issues list, which are intended to inform the scope of the proceeding.
- Parties to the proceeding will have the opportunity to provide feedback and input on the draft issues list at a later date.

Draft Issues List

Each issue in the draft issues list relates to provisions within the current Model Franchise Agreement that have been recently contested. The OEB will provide information on how parties can comment on the draft issues list at a later date.

- **Section 11 Alternative Easement:** Are changes required to the provisions in section 11 of the Model Franchise Agreement pertaining to notice, the availability of easements and cost sharing 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?
- **Section 12 Pipeline Relocation:** Are changes required to the cost-sharing provisions as between municipalities and utilities in section 12 of the Model Franchise Agreement relating to the costs associated with pipeline relocations? Are changes required in relation to the time requirements for the completion of relocation under section 12 (e.g., should a time be specified)? If so, what would be an appropriate amount of time?
- **Section 15 Disposition of the Gas System & Section 16 Use of Decommissioned Gas System:** Are changes required in section 15 and section 16 of the Model Franchise Agreement relating to the removal of decommissioned pipelines?
- **Non-substantive administrative updates to the Model Franchise Agreement:** What terminologies (e.g., job titles) in the Model Franchise Agreement require an update to reflect current operations?
- **Implementation of possible updates to the Model Franchise Agreement:** If changes to the Model Franchise Agreement are made, how should the updated terms affect existing gas franchise agreements and applications currently before the OEB (e.g., how and when should such changes be integrated into existing agreements)?

Model Franchise Agreement Review: Scope & Issues

Natural Gas Policy Statement

This proceeding also takes place within the context of Ontario's current energy landscape and the objectives outlined in Ontario's Natural Gas Policy Statement, which establishes that natural gas remains a vital component of Ontario's energy mix.

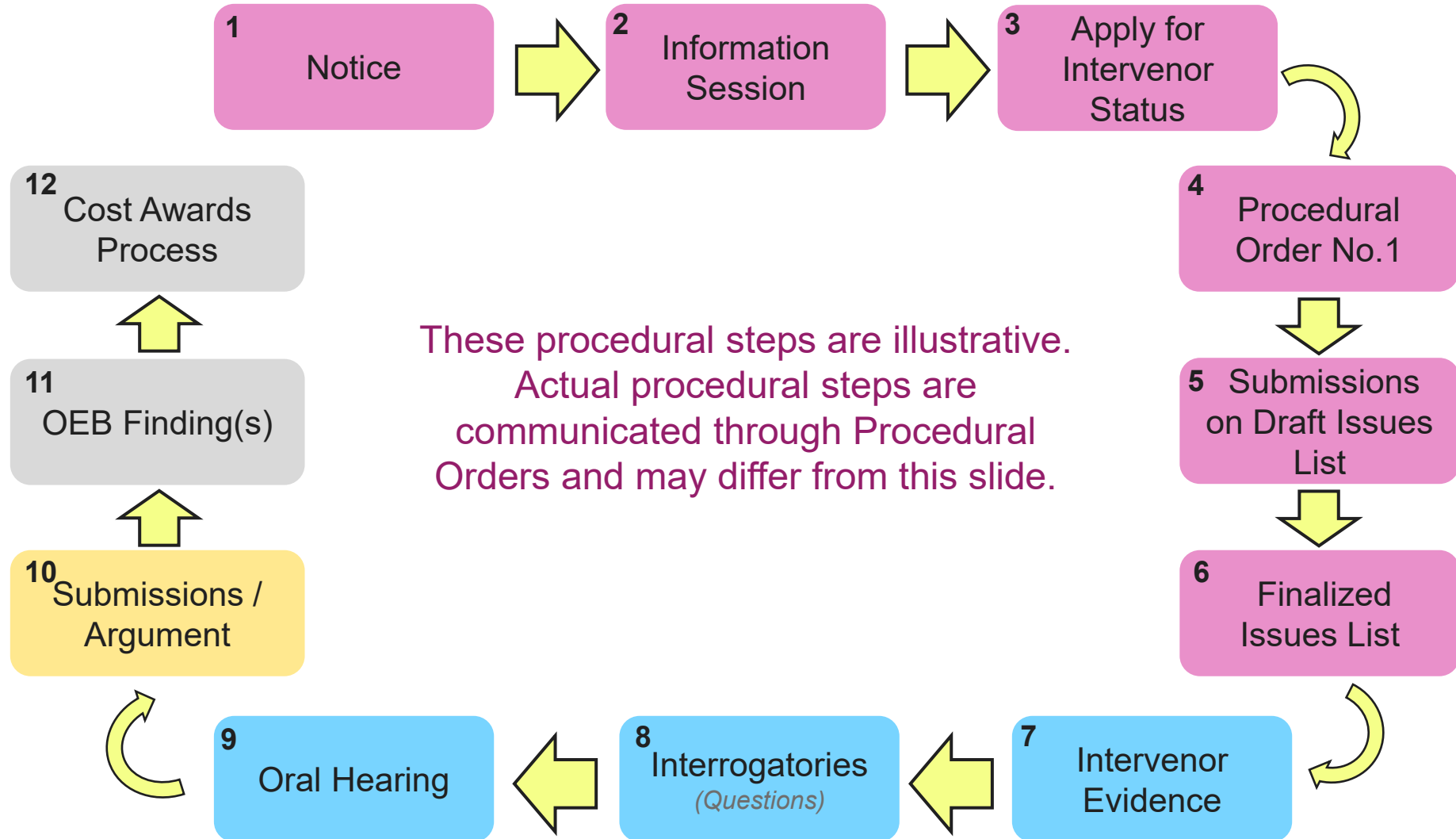
On June 12, 2025, the Ontario Government issued its Integrated Energy Plan, titled [Energy for Generations](#). In the Integrated Energy Plan, the Government introduced a formal Natural Gas Policy Statement.

"The OEB will continue to play a key role as the natural gas system's economic regulator to protect the interests of consumers with respect to prices and the reliability and quality of gas service, while ensuring that utilities have the opportunity to earn a fair return and facilitate the rational expansion of the natural gas transmission and distribution system."



06: OEB PRACTICE AND PROCEDURE

Typical Procedural Steps in a Generic Proceeding



Participation: **Intervenors**

What is an Intervenor?

- **Intervenors** are individuals or groups who the OEB has determined are permitted to participate in an OEB proceeding. The OEB may grant ‘intervenor status’ to those individuals or groups who submit an intervention request. These requests are adjudicated in accordance with Rule 22 of the [OEB’s Rules of Practice and Procedure](#).
- Examples of intervenor participation may include asking questions about the pre-filed evidence and filing submissions on the issues within the scope of the proceeding.



Participation: Requesting Intervenor Status

How Can One Request Intervenor Status?

- Municipalities, gas utilities, and other interested parties who wish to actively participate in this proceeding must apply for intervenor status and, where applicable, cost eligibility using the Ontario Energy Board's online [Intervention Form](#) by **May 1, 2026**.
- In this proceeding, municipalities and gas utilities who submit an intervention form will be automatically granted intervenor status.
- Intervention requests from other interested parties will be determined by the OEB in accordance with the OEB's Rules. Such parties are required to identify and explain their substantial interest in the issues to be addressed within the scope of this proceeding.

Participation: **Intervenor Groups**

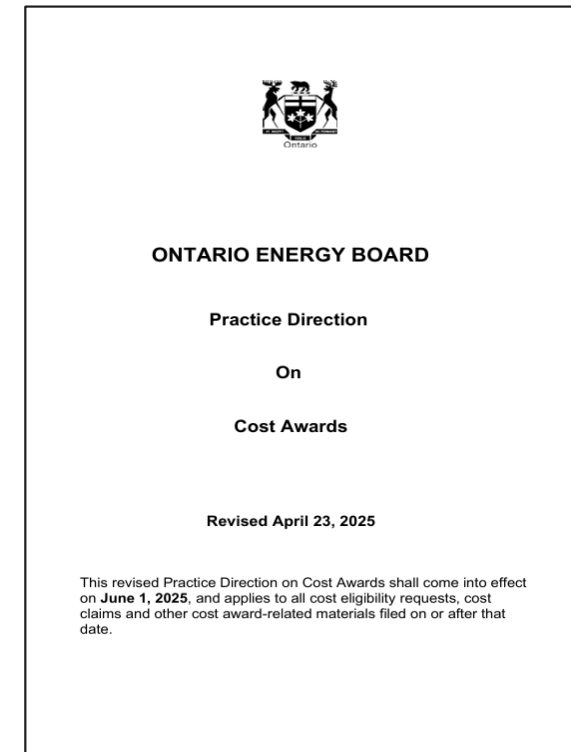
Intervenor Grouping

- Collaborating as a group, rather than participating individually, can support a more efficient and coordinated regulatory process. Municipalities in particular are encouraged to work together and consider a group approach where common interests exist.
- In the Notice, the OEB has encouraged municipal groups to coordinate with one another where possible. This may include filing a combined set of questions on the evidence and filing a single or joint submission on the issues in the proceeding.
- The OEB expects to issue Procedural Order No. 1 in early May. This Procedural Order will outline the various steps in the proceeding. Municipalities are encouraged to sort themselves into groups with common interests prior to the issuance of this Procedural Order.
- If required, and depending on the number of municipalities that choose to intervene, the OEB may sort the municipalities into groups through a Procedural Order.

Participation: Cost Awards

Cost Awards

- The OEB's Practice Direction on Cost Awards, sets out cost-eligible claims and who is eligible to apply for these cost claims in respect of participation in a OEB proceeding. For example, a party's costs involved in retaining a consultant or the costs to review evidence are examples of eligible cost claims.
- Under section 3.05 of the OEB's *Practice Direction on Cost Awards*, a municipality (whether participating individually or as part of a group) is not eligible for a cost award. However, given the unique nature of this proceeding, the OEB is making an exception to this rule and will allow municipalities or Municipal Groups to receive cost awards for their participation.
- Interested parties should note that being eligible for a cost award does not guarantee that all costs claimed will be recovered. Cost awards are determined by the OEB at the conclusion of the proceeding.



Other Modes of Participation

Other Ways to Participate in the Proceeding

- If a party chooses not to apply to be an intervenor in this proceeding, here are some other ways to participate:
 - **Send a Letter of Comment:** If you wish to comment on the subject-matter of a proceeding for the OEB's consideration, you may submit a letter of comment.
 - **Follow the Proceeding:** You can sign up to receive documents issued by the OEB in a particular proceeding by sending an email to Registrar@oeb.ca.



Procedure: Procedural Orders

Procedural Orders

- Procedural Orders may define the scope of the proceeding, outline which issues will be examined, and set the dates for each subsequent procedural step in a proceeding.
- All parties are required to abide by the established procedures and timelines in a given Procedural Order. The OEB retains the discretion to issue procedural orders at any time during the proceeding, and to amend prior procedural orders or timelines as it deems appropriate.



Ontario Energy Board | Commission de l'énergie de l'Ontario

EB-2025-0329

Enbridge Gas Inc.

Application for the Renewal of a Natural Gas Franchise Agreement with, and for a new Certificate of Public Convenience and Necessity for the Town of Cobourg

PROCEDURAL ORDER NO. 1
March 2, 2026

Enbridge Gas Inc. (Enbridge Gas) applied to the Ontario Energy Board (OEB) on December 9, 2025, under sections 8 and 10 of the *Municipal Franchises Act*, for an order approving the renewal of its natural gas franchise (franchise) with, and a new certificate of public convenience and necessity for the Corporation for the Town of Cobourg (Town of Cobourg) based on the OEB's [Model Franchise Agreement](#).

The application will be heard by Commissioner: David Sword.

The OEB issued a Notice of Hearing on January 15, 2026. The Town of Cobourg filed an intervenor request on February 9, 2026. Enbridge Gas filed an objection letter in response to the Town of Cobourg's request on February 12, 2026. The Town of Cobourg filed a response to Enbridge Gas's objection letter on February 18, 2026.

For the reasons provided below, the Town of Cobourg is approved as an intervenor.

In its intervention request, the Town of Cobourg indicated that it has been unable to reach agreement on the terms of the proposed *Municipal Franchise Agreement* and identified the following key concerns (Town of Cobourg's issues list):

1. The term of the agreement - the Town of Cobourg has concerns that the standard 20-year term may be too long.
2. Cost sharing arrangements - the Town of Cobourg questions whether the current cost sharing arrangements are appropriate for Enbridge Gas works on municipal property, including pipeline relocations.
3. Coordination of efforts - the Town of Cobourg believes that its franchise agreement with Enbridge Gas should provide for more coordination of work between it and Enbridge Gas.

Procedure: Evidence, Interrogatories, Submissions

Evidence, Interrogatories and Submissions

- **Pre-filed Evidence:** the Model Franchise Agreement is the pre-filed evidence for this proceeding.
- **Intervenor Evidence:** the OEB may allow the filing of intervenor evidence in this proceeding. If intervenors are provided the opportunity to file evidence, the details about what types of evidence the OEB will consider and associated costs will be provided in a procedural order.
- **Interrogatories (Questions):** the OEB may provide intervenors the opportunity to file questions on the pre-filed and any approved intervenor evidence.
- **Submissions:** the OEB may make provision for the filing of submissions by parties on issues within the scope of the proceeding. The submission stage is typically the final step in an OEB proceeding before the OEB issues a decision.
- Interrogatories, intervenor evidence and submissions must be limited to issues that are on the Issues List.



Procedure: **Written and Oral Hearings**

Written and Oral Hearings

- **Written Hearing:** The OEB “hears” the evidence and parties’ arguments by way of written documents. It involves the exchange of written documents (normally questions and responses, and submissions from all parties)
- **Oral Hearing:** Involves the attendance of parties at an in-person or hybrid meeting before a panel of OEB Commissioners where the evidence is tested using formal cross examination (under sworn testimony). Often, an oral hearing of evidence is followed by the filing of written submissions/argument.



Procedure: OEB Staff and OEB Commissioners

Role of OEB Staff

- OEB staff typically perform two of roles in a proceeding:
 - First, they provide administrative and technical support to the Panel to ensure that principles of procedural fairness are upheld and that the proceeding is administered in a fair, efficient and effective manner.
 - Second, they actively participate in the proceeding by reviewing and testing the evidence, asking questions, and/or making submissions guided by OEB staff's assessment of what is in the public interest.

Role of OEB Commissioners

- Commissioners assigned to a Panel are responsible for all procedural and substantive decisions with respect to the proceeding.
- Commissioners are assigned to matters by the chief commissioner. Commissioners have all the jurisdiction of the OEB to make determinations on any matter of law and fact under the OEB's jurisdiction

Next Steps

Upcoming Dates

- **Intervenor Status:** Municipalities, gas utilities, and other interested parties who wish to actively participate in this proceeding must apply for intervenor status and, where applicable, cost eligibility using the Ontario Energy Board's online [Intervention Form](#) **by May 1, 2026**.
- **Procedural Order 1:** The OEB expects to issue Procedural Order No. 1 in early May. This Procedural Order will outline the various steps in the proceeding. Municipalities are encouraged to sort themselves into groups with common interests prior to the issuance of this Procedural Order.

07: QUESTIONS & ANSWERS

Photo Credits

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