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BY EMAIL

May 29, 2026

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

Dear Ritchie Murray:

**Re: Ontario Energy Board (OEB) Staff Submission
Generic Review of the Model Franchise Agreement for Natural Gas
OEB File Number: EB-2026-0009**

Please find attached OEB staff's submission in the above referenced proceeding, pursuant to Procedural Order No. 1.

Yours truly,

Natalya Plummer
Natural Gas

Encl.

cc: All parties in EB-2026-0009



ONTARIO ENERGY BOARD

OEB Staff Submission on the Draft Issues List

Generic Review of the Model Franchise Agreement for Natural Gas

EB-2026-0009

May 29, 2026

Background

On May 14, 2026, the OEB issued Procedural Order No. 1 which set May 29, 2026, as the deadline for submissions on the Draft Issues List. The Draft Issues List provides as follows:

- *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 notice or 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 terminology and nomenclature in the Model Franchise Agreement requires 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 any changes are integrated into existing agreements)?

OEB Staff Submission

OEB staff supports the limited scope of this proceeding. OEB staff is of the view that the Draft Issues List captures the specific terms and conditions of the Model Franchise Agreement that some municipalities and other parties have challenged in recent franchise proceedings before the OEB.

Natural Gas Franchise Applications under the Municipal Franchises Act

Most natural gas franchise renewal applications are filed under section 9 of the *Municipal Franchises Act* (Act). In these uncontested franchise proceedings, the municipality supports renewing its franchise agreement with the utility by passing a council resolution which approves the terms of the franchise agreement (via by-law) and authorizes the utility to submit a franchise application to the OEB for approval. Since 2022, the OEB has received 102 franchise applications under section 9 of the Act.

If a franchise agreement is about to reach (or has reached) 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, either the municipality or the utility can file an application for renewal under section 10 of the Act. Section 10 of the Act empowers the OEB, “if public convenience and necessity appear to require it”, to renew the right of a gas utility to operate the gas distribution system in a municipality, “upon such terms and conditions as may be prescribed by the OEB” [emphasis added].

Specifically, sections 10(1), and (2) of the 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.

Prior to 2022, contested franchise applications filed under Section 10 of the *Municipal Franchises Act* were sporadic. The OEB received five contested franchise applications between 2000 and 2022.¹

¹ The five applications are:
EB-2003-0304, City of Kingston Franchise Renewal, Decision and Order, January 14, 2005;

Since 2022, Enbridge Gas has filed seven contested franchise applications under section 10 of the Act. While some of the issues brought forward by municipalities and other parties in these contested franchise proceedings have differed, municipalities and other parties have focused their challenges on the terms and conditions of sections 11, 12, 15 and 16 of the Model Franchise Agreement. Table 1 provides an overview of the contested franchise applications filed under section 10 of the *Municipal Franchises Act* since 2022.

Table 1: Summary of Section 10 Contested Franchise Applications Since 2022

OEB Number	OEB Proceeding	Relevant Term or Condition of the Model Franchise Agreement/ Other
EB-2022-0201	Municipality of Leamington Franchise Renewal and Certificate	<ul style="list-style-type: none"> Section 12
EB-2022-0207	County of Essex Franchise	<ul style="list-style-type: none"> Section 11 Section 12 Section 15 Section 16
EB-2024-0280	County of Simcoe Franchise Renewal	<ul style="list-style-type: none"> Section 11 Section 12 Section 15
EB-2024-0351	Town of Essex Franchise Renewal	<ul style="list-style-type: none"> Section 12 Section 15 Non-substantive administrative updates to the Model Franchise Agreement
EB-2025-0058	City of Guelph Franchise Renewal and Certificate	<ul style="list-style-type: none"> Section 11 Section 12 Section 15
EB-2025-0327	Regional Municipality of Waterloo Franchise Renewal	<ul style="list-style-type: none"> Section 12 Section 15 Non-substantive administrative updates to the Model
EB-2025-0329	Town of Cobourg Franchise Renewal	<ul style="list-style-type: none"> Section 12

EB-2005-0224, City of Elliot Lake Franchise Renewal, Decision and Order, November 2, 2005;
 EB-2008-0413, Town of Aylmer Franchise Renewal, Decision and Order, May 5, 2009;
 EB-2012-0072, Town of Aylmer Franchise Renewal, Decision with Reasons, December 13, 2012;
 EB-2017-0232, County of Oxford Franchise Renewal, Decision and Order, December 13, 2018

Based on the challenges brought forward by municipalities and other parties in recent contested franchise proceedings, OEB staff is of the view that the Draft Issues List captures the specific terms and conditions of the Model Franchise Agreement that have been repeatedly challenged and therefore represent the issues that the OEB should consider as part of its review in this proceeding.

Scope of the Proceeding

The Notice of Hearing for this proceeding provided that “[t]he scope of this proceeding does not include potential legislative or regulatory amendments, such as the payment of fees by utilities to municipalities for the use of right of way. Such fees are currently prohibited by O. Reg. 584/06: Fees and Charges. The relationship between the Drainage Act and municipal gas franchise agreements is also outside the scope of this proceeding.”

OEB staff agrees that the prohibition imposed by O. Reg. 584/06 renders the issue of fees for the use of rights of way outside the scope of this proceeding.

OEB staff also notes that the relationship between the *Drainage Act, R.S.O. 1990, c. D.17 (Drainage Act)* and municipal franchise agreements was explored in *Union Gas Limited v. Norwich (Township)*.² In its decision, the Court of Appeal confirmed that the cost sharing provisions of section 12 of the Model Agreement, when included in a franchise agreement between the parties, operate as an exception to the cost allocation provisions set out in the *Drainage Act*.³

Based on current legislation and the decisions of both the OEB and the courts regarding municipal franchise agreements, OEB staff supports the exclusions to the scope of this proceeding as outlined in the Notice of Hearing and Procedural Order No. 1.

~All of which is respectfully submitted~

² *Union Gas Limited v. Norwich (Township)*, 2018 ONCA 11

³ The finding of the Court of Appeal in *Norwich* was followed by the Divisional Court in *Leamington (Municipality of) v. Enbridge Gas Inc.* [2024 ONSC 867] which also supported the OEB's broad statutory authority to impose terms on parties pursuant to section 10(2) of the *Municipal Franchises Act*, notwithstanding the provisions of the *Drainage Act*.