



Evan Tomek
Senior Advisor
Regulatory Applications - LTC
Regulatory Affairs

tel (226) 229-9598
Evan.Tomek@enbridge.com
EGIRegulatoryProceedings@enbridge.com

Enbridge Gas Inc.
3840 Rhodes Drive
P.O. Box 700
Windsor, ON N9A 6N7
Canada

June 10, 2026

VIA EMAIL and RESS

Ritchie Murray
Registrar
Ontario Energy Board
2300 Yonge Street, 27th floor
Toronto, Ontario, M4P 1E4

Dear Ritchie Murray:

**Re: Enbridge Gas Inc. (Enbridge Gas or the Company)
Ontario Energy Board (OEB) File No.: EB-2025-0306
Lanark and Balderson Community Expansion Project
Reply Submissions**

In accordance with Procedural Order No. 3, please find attached Enbridge Gas's Reply Submissions in the above-noted proceeding

Yours truly,

Evan Tomek

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Senior Advisor, Regulatory Applications – Leave to Construct

Cc: Henry Ren (Enbridge Gas Counsel)
Natalya Plummer (OEB Case Manager)
Tobias Hobbins (OEB Counsel)
Michael Brophy (Pollution Probe)
Kent Elson (Climate Network Lanark)
Kate Siemiatycki (Climate Network Lanark)
Dwayne R. Quinn (Federation of Rental-housing Providers of Ontario)

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c. 15, Schedule B; and in particular section 90(1)
and section 97 thereof;

AND IN THE MATTER OF an application by Enbridge Gas
Inc. for an order granting leave to construct natural gas
distribution pipelines and ancillary facilities that make up a
Community Expansion Project to serve the community of
Lanark in the Township of Lanark Highlands and the
community of Balderson in the Township of Drummond/North
Elmsley in Ontario.

ENBRIDGE GAS INC.

REPLY SUBMISSION

Reply Submissions of Enbridge Gas Inc.

1. These are the reply submissions of Enbridge Gas Inc. (Enbridge Gas or the Company) in respect of its application (the Application) to the Ontario Energy Board (OEB) under sections 90(1) and 97 of the *Ontario Energy Board Act, 1998* (OEB Act) for an order granting leave to construct natural gas distribution pipelines to serve the communities of Lanark and Balderson and surrounding areas in the Township of Lanark Highlands and Townships of Drummond/North Elmsley in Ontario (the Project). Enbridge Gas also asks that the OEB approve the form of temporary land use agreements and easement agreements contained within the Application.¹
2. The Project is a “Community Expansion Project” intended to support the Government of Ontario’s Natural Gas Expansion Program (NGEP). The Township of Lanark Highlands and the Township of Drummond/North Elmsley have each expressed their strong desire to make natural gas available to their constituents via letters of support provided to Enbridge Gas to support its proposal as part of Phase 2 of NGEP.²
3. Enbridge Gas notes that: (i) written submissions filed by OEB staff demonstrate overall support for the Project, (ii) the Federation of Rental-housing Providers of Ontario has no issues with the proposed facilities in the Application³ and (iii) the issues raised in the written submissions filed by Climate Network Lanark (CNL) and Pollution Probe (PP) have either been tested in past community expansion proceedings, are not specific to the current proceeding, and/or are best left to a broad based application such as the Company’s Rebasing application. In this light and in the interest of enhancing regulatory efficiency consistent with the

¹ Exhibit G, Tab 1, Schedule 1, Attachments 1 and 2.

² Exhibit B, Tab 1, Schedule 1, para. 6.

³ Federation of Rental-housing Providers of Ontario Written Submissions, May 21, 2026, p. 3.

ministerial letter of direction to the OEB dated December 18, 2025 (Ministerial Letter)⁴, the purpose of these reply submissions is threefold.

4. First, Enbridge Gas confirms that the relief sought in this proceeding remains materially as set out in the Application, as originally filed. Second, Enbridge Gas acknowledges that OEB staff's summary of the record is accurate and provides an appropriate characterization of the Application, the evidence, and the issues before the OEB. Third, and as set out in more detail below, these reply submissions: (i) summarize the issues and requests raised by CNL and PP and explain why the OEB should reject them; (ii) address the OEB's ability to approve the Application, even in absence of a letter of opinion from the Ministry of Energy and Mines (the Ministry or MEM); and (iii) address the proposed Conditions of Approval for the Project, as supported by OEB staff.

i) CNL and PP Submissions

5. A number of issues raised by CNL and PP are not new. CNL's submissions largely mirror submissions made by Environmental Defence (ED) in previous NGEP project applications (which were approved by the OEB).⁵ PP's submissions are likewise, in substance, similar to and largely mirror the submissions made by PP and ED in previous NGEP project applications.⁶ Enbridge Gas has responded to such submissions/issues in prior NGEP proceedings. Requiring the Company to continue to respond to the same submissions beyond what is necessary to address the specific record in this proceeding would not promote an efficient or expeditious process for either Enbridge Gas or the OEB, particularly in light of the direction outlined in the Ministerial Letter, and would not materially assist the OEB in deciding this

⁴ Renewed Letter of Direction from the Ministry of Energy and Mines to the OEB Chair, December 18, 2025 ([link](#)).

⁵ See EB-2022-0111, EB-2022-0156, EB-2022-0248, EB-2022-0249, EB-2023-0200, EB-2023-0201, EB-2023-0261 and EB-2023-0343.

⁶ Ibid.

Application. In the reply that follows, Enbridge Gas's silence on any specific item raised by the intervenors should not be taken as agreement.

Revenue Forecast and Profitability Index (PI)

6. CNL's and PP's submissions largely focus on Enbridge Gas's customer attachment/revenue forecast and the risk of further subsidies from existing customers to ensure a Project PI of 1.
7. That concern has been repeatedly addressed in earlier OEB decisions, including in this very proceeding as part of the OEB's Procedural Order No. 3 (PO No. 3) dated May 1, 2026:

During the ten-year Rate Stability Period (RSP), a requirement of the NGEP, Enbridge Gas is responsible for any shortfall in revenues needed to meet its revenue requirement. This RSP provides insulation against possible risks if actual customer connections and revenues are less than forecast connection and revenue estimates. Beyond the RSP period, there is no guarantee that Enbridge Gas will be permitted to recover any post-RSP revenue shortfalls. Enbridge Gas is not guaranteed total cost recovery if actual capital costs and revenues result in an actual PI below 1.0. As the OEB has held in other similar proceedings, there is a reasonable expectation that Enbridge Gas customers will not be called upon to provide a further subsidy to compensate for post-RSP revenue shortfalls.⁷

8. CNL acknowledges that the above findings are helpful in protecting the interests of customers but argues that it is not sufficient⁸. CNL requests that the OEB: (i) order Enbridge Gas to account for normalized reinforcement costs in its project economics; (ii) refrain from "approving" Enbridge Gas's survey evidence and revenue forecast in ways that would make it more difficult for a future OEB panel to hold the Company accountable for revenue shortfalls over the 40-year revenue

⁷ PO No. 3, May 1, 2026, p. 8.

⁸ Submissions of Climate Network Lanark, May 21, 2026, p. 5.

horizon; and (iii) require Enbridge Gas to fully insulate existing customers from the risk of cost overruns and revenue shortfalls as a condition of approval.⁹

9. PP suggests new language for the OEB to include in its Decision in place of the wording referenced above from PO No. 3¹⁰ and argues that the Project creates stranded asset risk and that Enbridge Gas (not ratepayers) should retain the risk should the Project PI be less than 1, which should apply to the entire Project-related capital costs (including Ancillary Facilities).¹¹
10. The OEB should reject CNL's and PP's proposals. Not only are they incongruent with relevant determinations/rationale as clearly articulated by the OEB in this and prior proceedings, CNL and PP seek to use this leave to construct application to pre-determine issues that belong, if at all, in a future rebasing proceeding. That's not the function of this proceeding, nor can the current OEB panel bind a future panel in this manner. As determined by the OEB in its Decision and Order in the EB-2023-0313 proceeding:

These were leave to construct applications, not rate applications. The scope of the two are different. While the original panel could have added conditions of approval or provided other directions on the post-RSP rate treatment, it chose not to do so. It did not make that choice on the basis of a misunderstanding of its jurisdiction; in fact, it specifically invited submissions on the rate treatment question. Rather, it exercised its discretion not to grant what Environmental Defence asked for.

Determining the rate treatment of any shortfalls in the next rebasing proceeding after the ten-year RSP will allow the OEB to consider the issue more broadly in the context of Enbridge Gas's entire franchise area with 3.8 million existing customers, not just the two communities with 217 forecast customers.

There are 28 projects that have been approved in Phase 2 of the NGEP. The OEB strives for procedural efficiency and regulatory consistency. It makes sense to consider questions about rate treatment for such projects on a consolidated basis in a rebasing

⁹ Submissions of Climate Network Lanark, May 21, 2026, p. 3.

¹⁰ Pollution Probe Submission, May 20, 2021, pp. 5 – 6.

¹¹ Pollution Probe Submission, May 20, 2026, p. 5.

hearing, rather than on a piecemeal basis in each leave to construct proceeding. In that rebasing hearing, all options will be open, as the original panel said.¹²

11. CNL's and PP's proposals are also inconsistent with evidence in this proceeding. In Exhibit I.CNL-12 and Exhibit I.CNL-23, Enbridge Gas confirmed that it will bear the risk during the 10-year RSP of any variance between forecast versus actual Project customer attachment and capital expenditures. Following the RSP, Enbridge Gas will file the actual costs and revenues of the Project with the OEB for consideration of inclusion in rates in the applicable rebasing proceeding. The OEB has repeatedly held in prior community expansion proceedings¹³ that it will consider any issue relating to the treatment of any revenue surplus or shortfall beyond the RSP at that time.
12. Furthermore, CNL's request that the OEB order Enbridge Gas to account for normalized system reinforcement costs (NSRC) in its project economics should be rejected by the OEB. As Enbridge Gas explained in Exhibit I.CNL-15, Exhibit I.CNL-18, and Exhibit I.CNL-20, NSRC is not applicable to community expansion projects. As described specifically in response to Exhibit I.CNL-20, parts a) – c), all reinforcement costs associated with the Project are directly reflected in the Project's DCF analysis. The costs of reinforcement required for community expansion are separate from, and not included within, calculations of NSRC. Therefore, it would not be appropriate to apply NSRC to the Project. The same issue has been raised in past community expansion proceedings by ED, and the

¹² Decision and Order, EB-2023-0313, Environmental Defence Motion to Review and Vary OEB Decisions in EB-2022-0156/EB-2022-0248/EB-2022-0249, December 13, 2023, pp. 18-19.

¹³ For example: EB-2019-0188, Decision and Order, May 7, 2020: pp. 12-13; EB-2022-0156, Decision and Order, September 21, 2023, pp. 20-21; EB-2022-0248, Decision and Order, September 21, 2023, p. 20; EB-2022-0249, Decision and Order, September 21, 2023, pp. 19-20; EB-2023-0261, Decision and Order, May 23, 2024, pp. 20 – 21; EB-2023-0201, Decision and Order, May 30, 2024, pp. 22 – 23; and EB-2023-0200, Decision and Order, July 4, 2024, pp. 24 – 25.

OEB has accepted Enbridge Gas's treatment of reinforcement costs in those proceedings.¹⁴

13. PP's stranded asset argument should likewise be rejected. It is out of scope of this proceeding. In any event, Enbridge Gas has no reasonable basis to conclude that the proposed facilities will become stranded assets¹⁵, and any issues related to stranded asset risk are to be dealt with in rebasing¹⁶.

Enbridge Gas Marketing

14. PP raises concerns regarding Enbridge Gas's marketing and requests that the OEB, in its Decision: (i) reinforce the importance of non-biased marketing materials; (ii) include wording to clarify that the leave to construct approval does not restrict customers from obtaining heat pumps nor does it remove Enbridge Gas's DSM program responsibilities in the communities; and (iii) include wording that would require Enbridge Gas to take all reasonable measures to ensure consumers are aware that current energy efficiency incentives for the joint Enbridge Gas/IESO program are available for natural gas customers.¹⁷
15. Enbridge Gas submits that the OEB should reject all of PP's requests related to Enbridge Gas's marketing and DSM programs in the context of this proceeding.
16. As PP acknowledges¹⁸, and as confirmed by Enbridge Gas's response at part c) of Exhibit I.PP-13, the marketing materials referenced by PP have been discontinued and are no longer in circulation, consistent with the Marketing Materials Update¹⁹ filed in the EB-2025-0064 proceeding and the Rebasing

¹⁴ For example: EB-2023-0261, Decision and Order May 23, 2024 p. 19; EB-2023-0201, Decision and Order, May 30, 2024, p. 21; EB-2023-0200, Decision and Order, July 4, 2024; and EB-2023-0343, Decision and Order, May 14, 2026, p. 23.

¹⁵ Exhibit I.PP-22.

¹⁶ Decision and Order, EB-2022-0200, December 21, 2023, pp. 140-141 (see para. 10 in particular).

¹⁷ Pollution Probe Submission, May 20, 2026, pp. 6 – 7.

¹⁸ Pollution Probe Submission, May 20, 2026, p. 6.

¹⁹ EB-2025-0064, Phase 3 Exhibit 1, Tab 16, Schedule 1, February 25, 2025.

Phase 2 Settlement Agreement²⁰. There is therefore no basis or need for the OEB to provide further direction on this point as suggested by PP.

17. PP's proposed conditions related to DSM and customer outreach are similarly misplaced. The OEB has clearly found that its approval of community expansion projects does not alter Enbridge Gas's DSM program responsibilities in the relevant communities.²¹ There is nothing unique about this Project to warrant revisiting or supplementing that finding.
18. PP's proposed Decision wording related to heat pumps should also be rejected. Community expansion proceedings are not intended to dictate customer energy choice as between natural gas and alternatives such as heat pumps. Consistent with prior OEB findings, approval of this Application would not restrict consumers from adopting heat pumps either before or after an extension of natural gas service to the community.²²
19. Based on the foregoing, PP's requested conditions are unnecessary and/or beyond the scope of this proceeding, and should not be adopted by the OEB.

Environmental Protection Plan (EPP)

20. PP submits that Enbridge Gas should include details on the final Environmental Protection Plan (EPP) and its implementation in the post-construction report to confirm: (i) that it was in place prior to the start of construction; (ii) how it was modified during construction; and (iii) the final net impacts following all mitigation.²³

²⁰ EB-2024-0111, Decision and Order, November 4, 2024, p. 34.

²¹ EB-2023-0343 – OEB Decision and Procedural Order No. 4, January 13, 2025, p. 14, and Enbridge Gas Reply Submissions, February 13, 2025, pp. 20 – 21.

²² EB-2023-0343 – OEB Decision and Procedural Order No. 4, January 13, 2025, p. 14; and Enbridge Gas Reply Submissions, February 13, 2025, p. 20.

²³ Pollution Probe Submission, May 20, 2026, p. 7.

21. This request should be rejected, as it is unnecessary and duplicative of standard reporting requirements. The OEB's Standard Conditions of Approval require Enbridge Gas to "implement all the recommendations within the Environmental Report (ER) filed in the proceeding, and all the recommendations and directives identified by the Ontario Pipeline Coordinating Committee review." The EPP operationalizes these requirements and will be finalized prior to construction, ensuring that all recommended mitigation measures contained within the ER and as stipulated by the Ontario Pipeline Coordinating Committee and permitting agencies are in place and enforceable. The EPP aids in informing field personnel of the environmental mitigation measures that need to be implemented and of the commitments made that need to be followed during construction, which ensures compliance with the aforementioned Condition of Approval.
22. The OEB's Standard Conditions of Approval also require Enbridge Gas to file a post construction report and a final monitoring report, to address the effectiveness of mitigation measures implemented during construction. These reports inherently reflect how the EPP was implemented. As such, requiring further EPP-specific detail in the post-construction report would not provide any meaningful additional information. It would duplicate information already captured through existing reporting obligations without enhancing the OEB's ability to make mitigation-related assessments. Moreover, imposing such a requirement here would be inconsistent with the OEB's typical practice absent any project-specific justification – which PP has not provided. For these reasons, PP's request should be rejected.

ii) Indigenous Consultation

23. Enbridge Gas was delegated the procedural aspects of Indigenous consultation by the MEM and has carried out (and will continue to carry out) Project engagement with the six Indigenous communities (the Communities) identified in

the MEM's delegation letter.²⁴ Enbridge Gas intends to file the MEM's letter of opinion upon receipt. Consistent with the direction provided by the MEM, Enbridge Gas implemented a consultation program with each of the Communities that involved: providing Project notification early on in Project development; offering capacity funding to each Community; sharing Project information, including the ER; inviting each Community to share comments and information, including information about any Indigenous rights practiced in the Project area; and responding to any expressed concerns and explaining how those concerns would be addressed, through mitigation or otherwise, moving forward. Enbridge Gas engaged with the Communities in a variety of ways, including written communications and meetings with Community representatives.

24. Each of the Communities was given the opportunity to review and comment on the ER, which was completed in accordance with the OEB's Environmental Guidelines for the Location, Construction and Operation of Hydrocarbon Projects and Facilities in Ontario, 8th Edition (2023), and ask questions about the Project. Correspondence related to the review of the ER is included in the Indigenous Consultation Report (ICR), most recently filed with the OEB on March 23, 2026.²⁵ Enbridge Gas is committed to undertaking the mitigation and protection measures identified in Section 5 of the ER and implementing the monitoring and contingency plans identified in Section 7 of the ER, as required.²⁶ Additionally, Enbridge Gas has invited, and will continue to invite, Communities for certain field work undertaken related to archaeology studies for the Project and will provide copies of archaeology reports for review to the Communities.
25. In addition to the consultation Enbridge Gas has undertaken with the Communities identified by MEM, the OEB process for Enbridge Gas's Application provided the Communities a further opportunity to share their comments and concerns about the Project and gain an understanding of how those concerns

²⁴ Exhibit H, Tab 1, Schedule 1, Attachment 2.

²⁵ Exhibit I.STAFF-7, Attachment 1.

²⁶ Exhibit F, Tab 1, Schedule 1, Attachment 1.

would be addressed. Direct notice of the Application was provided by Enbridge Gas to all Communities and none of them sought to intervene or otherwise participate directly in the hearing.

26. Importantly, OEB staff submitted that: (i) Enbridge Gas appears to have made efforts to engage with affected Indigenous groups and made certain commitments to Indigenous communities in relation to the Project; and (ii) OEB staff is not aware of any potential adverse impacts of the Project to any Aboriginal or treaty rights.²⁷ Moreover, Enbridge Gas is not aware of any outstanding concerns raised by Communities regarding potential adverse impacts of the Project on Aboriginal or treaty rights.

Letter of Opinion

27. OEB staff submitted that if the OEB determines that it is appropriate to grant leave to construct the Project, the OEB should wait to receive the letter of opinion from the Ministry before approving the application. If the letter of opinion is not filed by the close of the record, the OEB may consider placing the proceeding in abeyance until such time that letter is filed.²⁸ Enbridge Gas is of the view that such an abeyance should not be necessary. In these circumstances, there is no legal or procedural basis to place this proceeding in abeyance pending issuance of a MEM letter. While such a letter may in some cases assist the OEB, it is not determinative, particularly given the extent of consultation undertaken, Enbridge Gas's commitment to ongoing engagement, the minimal anticipated impact of the Project (which is located within a municipal road allowance), and the mitigation measures Enbridge Gas has committed to implement. To avoid an abeyance in this proceeding and in the interest of regulatory efficiency, Enbridge Gas suggests that it would accept the OEB imposing the requirement to file the letter

²⁷ OEB Staff Submission, May 21, 2026, p. 15.

²⁸ OEB Staff Submission, May 21, 2026, pp. 15 – 16.

of opinion as a Condition of Approval for the Project, consistent with the OEB's determinations in certain past proceedings.²⁹

iii) Conditions of Approval

28. The OEB's *Natural Gas Facilities Handbook* includes standard conditions of approval³⁰ that are typically imposed in leave to construct approvals. The pre-filed evidence noted that Enbridge Gas has reviewed these standard conditions and is prepared to adhere to them in respect of the Project. The written submissions of OEB staff also contend that (upon receiving and considering the MEM's letter of opinion) the OEB should approve the Project subject to the OEB's standard conditions of approval for natural gas leave to construct applications.³¹
29. Enbridge Gas confirms that it has not identified any need to propose modifications to the standard conditions of approval, or to propose additional conditions relating to the Project (subject to any determinations the OEB may make regarding a condition to file the MEM's letter of opinion as discussed in paragraph 27).

Conclusion

30. Based on the foregoing, Enbridge Gas submits that the Project is in the public interest and respectfully requests that the OEB issue an Order granting leave to construct for the Project pursuant to section 90(1) of the OEB Act, and an Order approving the form of temporary land use agreements and easement

²⁹ EB-2017-0261 Scugog Island Community Expansion Project, Decision and Order, May 31, 2018, p. 9; and EB-2020-0192 London Lines Replacement Project, Decision and Order, January 28, 2021, Schedule B.

³⁰ Ontario Energy Board. Natural Gas Facilities Handbook EB-2022-0081, Appendix D.
https://www.oeb.ca/sites/default/files/uploads/documents/regulatorycodes/2024-04/OEB_Natural%20Gas%20Facilities%20Handbook_2024.pdf

³¹ OEB Staff Submission, May 21, 2026, pp. 4, 16.

agreements contained within the Application pursuant to section 97 of the OEB Act.