



**ONTARIO ENERGY BOARD
COMMISSION DE L'ÉNERGIE DE L'ONTARIO**

DECISION AND ORDER

Amendment to Designation of Chatham 7-17-XII Gas Storage Pool

EB-2014-0288

May 14, 2015

IN THE MATTER OF the Ontario Energy Board Act,
1998, S.O. 1998, c.15, Schedule B (Act);

AND IN THE MATTER OF an application by
Enbridge Gas Distribution Inc. under sections
36.1(1)(b) and 38(1) of the Act for an order or orders
amending the Chatham 7-17-XII designated storage
area in the Municipality of Chatham-Kent.

Before:

Ellen Fry
Presiding Member

Cathy Spoel
Member

Decision and Order

Introduction

Enbridge Gas Distribution Inc. (Enbridge) filed an application with the Ontario Energy Board (OEB) to extend the boundaries of its Chatham 7-17-XII gas storage area (Chatham D Pool). Enbridge proposed to increase the buffer zone included in the storage area by adding 10 hectares to the storage area. This addition represents an increase of about a 4.7% in the total storage area. Enbridge also applied for approval to operate the expanded Chatham D Pool.

Process

Enbridge filed its application on November 19, 2014. Union Gas Limited (Union) was granted intervenor status but did not actively participate in the proceeding. OEB staff requested further information from Enbridge and filed a submission in support of the application.

Background

In the OEB's Decision with Reasons, E.B.O. 201 issued February 4, 1998 the OEB recommended to the lieutenant governor in council designation of the storage area by Order in Council and granted the authority to operate the Chatham D Pool¹. At the time of designation the pool was owned by CanEnerco Limited (CanEnerco). At that time the OEB granted CanEnerco the authority to inject, store, withdraw gas from and to operate the Chatham D Pool². The OEB attached certain conditions to CanEnerco's authority to operate the Chatham D Pool. CanEnerco had also requested that the OEB approve the additional 10 hectare buffer zone. The OEB denied that request as there was insufficient geological information to support it.

In 2002 the OEB granted an Order³ that transferred the authority to operate the Chatham D Pool from CanEnerco to Consumers' Gas Company (today Enbridge Gas Distribution Inc.). At that time the OEB attached a new set of conditions applicable to the new operator of the Chatham D Pool.

Decision

Enbridge has applied for approvals under sections 36.1(1)(b) and 38 of the Act, which provide as follows:

- 36.1** (1) The Board may by order,
- (a) designate an area as a gas storage area for the purposes of this Act; or
 - (b) amend or revoke a designation made under clause (a). 2001, c. 9, Sched. F, s. 2 (2).

Authority to store

38. (1) The Board by order may authorize a person to inject gas into, store gas in and remove gas from a designated gas storage area, and to enter into and upon the land in the area and use the land for that purpose. 1998, c. 15, Sched. B, s. 38 (1).

In determining the mechanism to order the expansion of the Chatham D Pool boundaries the OEB has considered section 36 .1 (2) of the Act which provides:

¹ The Order in Council designating the Chatham D Pool was issued upon the recommendation of the OEB decision in E.B.O. 201

² OEB Order E.B.O 201

³ RP-2001-0057

Transition

(2) Every area that was designated by regulation as a gas storage area on the day before this section came into force shall be deemed to have been designated under clause (1) (a) as a gas storage area on the day the regulation came into force. 2001, c. 9, Sched. F, s. 2 (2).

The above transitional provision results in the Chatham D Pool deemed to have been designated under section 36.1(1) of the Act and indicates that an amendment to the original Order in Council is not required.

In determining whether an area is appropriate for gas storage, the OEB has considered the following⁴ :

- (a) Is the underlying geological formation appropriate for storage operations?
- (b) Is the tract of land appropriately bound and sized to provide for safe operation of the storage pool?
- (c) Does the applicant have the necessary leases and agreements with the directly affected landowners?
- (d) Is there a need for this incremental storage capacity in Ontario?

The OEB notes that the requested amendment to the designated storage area does not impact the geological formation used for storage operations or increase the storage capacity. Accordingly, only issues (b) and (c) are relevant to this decision.

Is the tract of land appropriately bounded and sized to provide for safe operation of the storage pool?

Enbridge submitted that the additional buffer zone will help ensure adequate distances are maintained from other potential drilling operations thereby helping ensure the safe operation of the storage pool. OEB staff did not take issue with this position.

In support of its application Enbridge retained Sproule Associates Ltd. in 2012 to complete the geological report (Sproule Report) which is the basis for the boundary expansion request. According to the Sproule Report, the geological reef extends in the northeast corner of the Chatham D Pool, beyond the current boundary. Enbridge stated that the amendment to include the additional 10 hectares is required to incorporate the entire reef within the boundary of the Chatham D Pool and will help ensure a sufficient buffer area of land around the reef for adequate protection of the storage pool integrity.

⁴ See for example EB-2011-0013/0014/0015 pages 7, 8

The Ministry of Natural Resources and Forestry (MNRF), which is responsible for the technical and safety aspects of storage pools, reviewed the analysis contained in the Sproule Report and supported Enbridge's application.

Taking these factors into account, the OEB concludes that adding the 10 hectare buffer zone to the designated storage pool is appropriate.

Does Enbridge have the necessary leases and agreements with the directly affected landowners?

Enbridge confirmed that it has signed agreements with the two private landowners who will be directly affected by the proposed addition of the 10 hectare buffer zone, and has filed copies of the agreements offered to the landowners. These are Enbridge's standard gas storage lease agreements.

Neither landowner requested intervenor status or filed a letter of comment raising any issue concerning the agreement offered by Enbridge. OEB staff did not raise any issues concerning the agreement.

The OEB concludes that Enbridge has the necessary agreements with the directly affected landowners.

Accordingly, the OEB approves:

- (1) the application under section 36.1 (1) to extend the boundaries of its Chatham D Pool by increasing the buffer zone included in the storage area by adding 10 hectares and
- (2) the application under section 38(1) of the Act to grant Enbridge the authority to operate Chatham D Pool within the extended boundaries

These approvals are subject to the same conditions of approval as ordered in the OEB's 2002 proceeding⁵ with two exceptions. First, the legal name of the storage area operator in the conditions of approval is changed to Enbridge Gas Distribution Inc. Second, one condition was time limited to 2002 and is therefore now moot.

⁵ RP-2001-0057

THE BOARD ORDERS THAT:

1. Pursuant to section 36.1(1) of the Act the area described by the metes and bounds description attached as Schedule 1 to this Decision and Order is designated as a gas storage area.
2. Pursuant to section 38(1) of the Act, Enbridge is authorized to inject gas into, store gas in and remove gas from Chatham 7-17-XII Pool in the geographic Municipality of Chatham-Kent, Province of Ontario, which has been designated as a gas storage area, and to enter into and upon the land in the area for such purposes, subject to the Conditions of Approval attached as Schedule 2 to this Order.

DATED at Toronto, May 14, 2015

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Schedule 1

Enbridge Gas Distribution Inc.

EB-2014-0288

METES AND BOUNDS DESCRIPTION
OF THE BOUNDARY OF THE
CHATHAM 7-17-XII DESIGNATED STORAGE AREA

IN THE GEOGRAPHIC MUNICIPALITY OF CHATHAM-KENT

ALL AND SINGULAR those certain parcels or tracts of land and premises, situate, lying and being in the Geographic Township of Chatham and the Gore of the Geographic Township of Camden, in the Municipality of Chatham-Kent, Province of Ontario, and being more particularly described as follows:

FIRSTLY: Being composed of the Northwest half of Lot 16, the Northwest half of Lot 17 and the Northwesterly quarter of Lot 18, Concession 11, in the Geographic Township of Chatham;

SECONDLY: Being composed of the Southeast half of Lot 16, all of Lot 17 and all of Lot 18, Concession 12 in the Geographic Township of Chatham;

THIRDLY: Being composed of the Road Allowance between Concessions 11 and 12, in front of Lots 16, 17 and 18, Geographic Township of Chatham and the Road Allowance, the North half of which fronts on Lot 1, Concession 2 in the Gore of the Geographic Township of Camden and the South half of which fronts on Lots 17 and 18, Concession 12 and also fronts on the west part of Lot 18, Concession 11, Geographic Township of Chatham;

FOURTHLY: Being composed of the South half of Lot 1, Concession 2, in the Gore of the Geographic Township of Camden; which said parcels may be more particularly described as follows:

COMMENCING at the most Westerly angle of Lot 16, Concession 11, Geographic Township of Chatham;

THENCE Southeasterly, along the Southwest limit of said Lot 16 to the dividing line between the Northwest and Southeast halves of said Lot 16;

THENCE Northeasterly, along the dividing line between the Northwest and Southeast halves of Lots 16, 17 and 18, Concession 11, to the dividing line between the Northeast and Southwest halves of Lot 18, Concession 11;

THENCE Northwesterly, along said dividing line between the Northeast and Southwest halves of Lot 18, to the Southerly limit of the Road Allowance between

the Geographic Township of Chatham and the Gore of the Geographic Township of Camden, known as Base Line;

THENCE Easterly, along the Southerly limit of Base Line to the Southerly production of the East limit of Lot 1, Concession 2, Gore of the Geographic Township of Camden;

THENCE Northerly, along said Southerly production and along the East limit of Lot 1, to the dividing line between the North and South halves of Lot 1, Concession 2;

THENCE Westerly, along said dividing line between the North and South halves, to the Westerly limit of Lot 1, Concession 2;

THENCE Southerly, along the said Westerly limit and its Southerly production to the Southerly limit of the Road Allowance between the Geographic Township of Chatham and the Gore of the Geographic Township of Camden, known as Base Line;

THENCE Westerly, along said Southerly limit of Base Line, to the Northwesterly angle of Lot 17, Concession 12, Geographic Township of Chatham;

THENCE Southeasterly, along the Northeasterly limit of Lot 16, Concession 12, to the dividing line between the Northwest and Southeast halves of Lot 16, Concession 12;

THENCE Southwesterly, along said dividing line between the Northwest and Southeast halves, to the Southwesterly limit of Lot 16, Concession 12;

THENCE Southeasterly, along said Southwesterly limit of Lot 16 and its production, Southeasterly across the Road Allowance between Concessions 11 and 12, Geographic Township of Chatham, to the point of commencement.

Schedule 2

Authorization to Inject, Store and Remove Gas-
Chatham 7-17-XII Pool

EB-2014-0288

1. Enbridge Gas Distribution Inc. (Enbridge) shall provide the Board with a report identifying and explaining all material gas losses associated with the operation of the Chatham 7-17-XII Pool within six months of such losses being identified.
2. Enbridge shall not operate the Chatham 7-17-XII Pool above a pressure representing a pressure gradient of 0.7 psi per ft depth (15.9 kPa/m) without leave of the Board. Enbridge shall support any leave application with an engineering, geological and economic study showing that greater pressures are safe and in the public interest.
3. Enbridge shall make the lessors an offer of fair, just and equitable compensation in respect of the gas storage rights and petroleum and natural gas leases, prior to the injection of natural gas into the Pool.
4. Enbridge shall make to the landowners and/or tenants an offer of fair, just and equitable compensation for residual gas and any damage resulting from the authority hereby being granted by the OEB.
5. The authority granted under this Order to Enbridge is not transferrable to another party, without leave of the OEB.
6. Enbridge undertakes not to drill any wells, or construct pipelines, access roads or any other infrastructure on the Marchand property in Lot 18, Concession XI, Chatham Township, unless the registered owner (presently Mrs. Mary Marchand) subsequently decides to execute a gas storage lease with Enbridge.
7. The OEB's designated representative for the purpose of these conditions shall be the Manager, Natural Gas Applications.