



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

DECISION AND ORDER

EB-2015-0250

UNION GAS LIMITED

**Application to Increase Operating Pressures in Certain of its
Natural Gas Storage Pools**

BEFORE: Emad Elsayed
Presiding Member

Paul Pastirik
Member

December 10, 2015

1 INTRODUCTION AND SUMMARY

Union Gas Limited (Union) applied with the Ontario Energy Board (OEB) on August 19, 2015 for leave to increase the operating pressures in the Bentpath East, Booth Creek, and Mandaumin natural gas storage pools (Pools) above current operating pressures that were set in the OEB's original conditions of approval¹ (2016 Storage Enhancement Project). In order to increase the operating pressure, Union needs a leave from the OEB to vary certain conditions in the original authorization orders issued under sections 38(1) and 40(1) of the *Ontario Energy Board Act, 1998* (the Act). Union filed proposed wording for the conditions that would replace each of the original maximum operating pressure conditions in the OEB orders for each of the Pools.

The Pools are located in the Township of Dawn, the Township of Enniskillen and Plympton, and the City of Sarnia in Lambton County. The increases in operating pressure will increase the storage capacity of the Pools. Union asked that the OEB grant the requested approvals by January 31, 2016 to allow the increased operating pressure operation to start in the 2016 injection season.

For the reasons set out below, the OEB grants Union's request to increase the operating pressures in the Pools above the pressures set out in OEB's original conditions of approval.

¹ EB-2009-0144 and EBO 207 for the Bentpath East and Booth Creek storage pools and RP-1999-0047 for the Mandaumin storage pool.

2 THE PROCESS

The OEB issued a Notice of Application on September 9, 2015 (the Notice). Union served and published the Notice as directed. Enbridge Gas Distribution Inc. (Enbridge) is the only intervenor in this proceeding. Enbridge did not actively participate in the proceeding. The OEB proceeded by way of a written hearing. In accordance with Procedural Order No. 1 issued on October 9, 2015, the interrogatory phase was completed on November 4, 2015. OEB staff filed a written submission on November 18, 2015 supporting Union's application subject to certain modifications to Union's proposed wording of the proposed conditions of approval. Union filed its reply submission on December 2, 2015.

3 EVIDENCE AND FINDINGS

3.1 Compliance with CSA Z341 Requirements

In Ontario, the Ministry of Natural Resources and Forestry (MNRF) has the authority to ensure that storage pools are safely operated in accordance with the Canadian Standards Association's Z341.1-14 standard "Storage of Hydrocarbons in Underground Formations" (CSA Z341). The increases in the operating pressures, subject to this application, have to comply with all relevant requirements of the CSA Z341.

Engineering and geological studies for the 2016 Storage Enhancement Project were completed by Geofirma Engineering and filed with the MNRF. A summary of these studies was filed by Union with the OEB in support of its application. Union filed evidence in the form of an email from the MNRF confirming that the MNRF has reviewed the engineering and geological studies and stated that the operating pressure increases are within the requirements of the CSA Z341.

In its submission, OEB staff supported the approval of the application on the condition that Union file, in its reply submission, a formal letter from the MNRF stating that it had reviewed the studies and that the proposed 2016 Storage Enhancement Project complies with the relevant requirements of the CSA Z341. OEB staff also submitted that the OEB may wish to consider whether or not it is necessary for Union to file the complete geological and engineering studies if there is written confirmation from the MNRF that it has reviewed them and approved them. OEB staff submitted that if the OEB agreed to this then it should be reflected in the decision.

In its reply submission, Union stated that the MNRF committed to provide a letter indicating that it had reviewed the geological and engineering studies and that the 2016 Storage Enhancement Project complies with the relevant requirements of the CSA Z341.

Findings

The increases in the operating pressures, subject to this application, have to comply with all relevant requirements of the CSA Z341. The authority to confirm compliance with CSA Z341 is with the MNRF.

The OEB approves the proposed increases in the operating pressures on the condition that the MNRF provides a formal letter confirming that it had reviewed the engineering

and geological studies and that the proposed 2016 Storage Enhancement Project complies with the relevant requirements of the CSA Z341.

The OEB agrees with OEB staff's suggestion that only a summary of the geological and engineering studies be filed when a leave to increase the operating pressures is applied for by Union, provided that there is written confirmation from MNRF that it has reviewed them and concurs with their conclusions.

3.2 Impact of Project Cost on Union's Ratepayers

Union stated that because the 2016 Storage Enhancement Project pertains to Union's unregulated storage, the costs would not be borne by Union's ratepayers. Union also submitted that since the Natural Gas Electricity Interface Review (NGEIR) EB-2005-0551 Decision, Union has not been required to file cost or economic information for unregulated storage projects. OEB staff submitted that because the increased storage capacity of the Pools will serve Union's unregulated storage business, there would be no impact on Union's ratepayers.

Findings

The OEB finds that the costs of the 2016 Storage Enhancement Project will have no impact on Union's ratepayers, as the resulting increased storage capacity will be part of Union's unregulated business.

3.3 Conditions of Approval

The original conditions of approval for each of the Pools² require that Union seek leave of the OEB if the maximum operating pressure is to be increased above the pressure set out in the condition of approval, and that the request should be supported by geological, engineering and economic studies³.

Union requested that the original condition of approval be replaced by the following condition for the Bentpath East and Booth Creek pools:

² EB-2009-0144 and EBO 207 for the Bentpath East and Booth Creek storage pools and RP-1999-0047 for the Mandaumin storage pool.

³ Union did not file economics information with the OEB for any of the Pools. Union stated that economics of the 2016 Storage Enhancement Project is not within the OEB's jurisdiction as it is in relation to Union's unregulated storage business.

Union Gas Limited shall not operate the storage pool above a pressure representing a pressure gradient of 17.2 kPa/m (0.76 psi/f) of depth without leave of the Board. Union Gas Limited shall file an engineering study and geological study in support of any leave application.

For the Mandaumin pool, Union requested that the original condition of approval be replaced by the following condition:

Union Gas Limited shall not operate the storage pool above a pressure representing a pressure gradient of 16.5 kPa/m (0.73 psi/f) of depth without leave of the Board. Union Gas Limited shall file an engineering study and geological study in support of any leave application.

OEB staff proposed a modification to Union's proposed wording to require Union to file summaries, instead of full engineering and geological studies, and a formal MNRF's confirmation of compliance with the CSA Z341.

Findings

The authority to ensure that storage pools are safely operated in accordance with the CSA Z341 standard rests with the MNRF. The OEB, therefore, finds that a summary of the engineering and geological studies is sufficient for OEB purposes provided that these summaries are accompanied by formal confirmation from MNRF that the proposed increased pressures comply with the relevant requirements of the CSA Z341.

4 ORDER

THE BOARD ORDERS THAT:

1. The OEB hereby grants the request to increase the operating pressures in Union's Bentpath East, Booth Creek, and Mandaumin storage pools.
2. The following condition shall supersede any other conditions with respect to the maximum operating pressure set out in OEB's Decisions EB-2009-0144, EBO 207 for the Bentpath East and Booth Creek storage pools:

Union Gas Limited shall not operate the storage pool above a pressure representing a pressure gradient of 17.2kPa/m (0.76 psi/f) of depth without leave of the OEB. Union Gas Limited shall file summaries of an engineering study and geological study in support of any leave application and a formal confirmation from the Ministry of Natural Resources and Forestry that operating the pool at the increased operating pressure complies with the requirements of the CSA Z341 standard.

3. The following condition shall supersede any other conditions with respect to maximum operating pressure set out in the OEB's Decision RP-1999-0047 for the Mandaumin storage pool:

Union Gas shall not operate the storage pool above a pressure representing a pressure gradient of 16.5 kPa/m (0.73 psi/f) of depth without leave of the OEB. Union Gas Limited shall file summaries of an engineering study and geological study in support of any leave application and a formal confirmation from the Ministry of Natural Resources and Forestry that operating the pool at the increased operating pressure complies with the requirements of the CSA Z341 standard.

4. Union Gas Limited shall pay the OEB's costs incidental to this proceeding upon receipt of the OEB's invoice.

DATED at Toronto December 10, 2015

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary