



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

DECISION AND ORDER

EB-2016-0054

ENBRIDGE GAS DISTRIBUTION INC.

Seaton Development Project

BEFORE: Ellen Fry
Presiding Member

June 23, 2016

1 INTRODUCTION

Enbridge Gas Distribution Inc. (Enbridge) applied to the Ontario Energy Board (OEB) on March 18, 2016, under section 90 of the *Ontario Energy Board Act, 1998*, for leave to construct a natural gas pipeline to serve the Central Pickering Development Planning Area (Seaton Community), a new residential development in City of Pickering, in the Regional Municipality of Durham (Proposed Pipeline). The Proposed Pipeline consists of 0.5 km of extra high pressure NPS 6 natural gas pipeline and 2.9 km of high pressure NPS 8 natural gas pipeline and a district station that will regulate the pressure in the pipeline.

A map of the Proposed Pipeline is attached as Schedule A to this Decision and Order.

Construction of the Proposed Pipeline would be scheduled to start in July of 2016 in order to meet an in-service date in spring 2017.

Enbridge also applied under section 97 of the OEB Act for approval of the form of easement agreements.

For the reasons set out below, the OEB finds that the construction of the Proposed Pipeline is in the public interest. The OEB grants Enbridge leave to construct the Proposed Pipeline, subject to the Conditions of Approval attached as Schedule B to this Decision and Order (Conditions of Approval).

2 THE PROCESS

The OEB issued a Notice of Application (Notice) on March 31, 2016. Enbridge served and published the Notice as directed. No one requested intervenor status. The OEB proceeded by way of a written hearing. In accordance with the procedural order issued on April 21, 2016, the interrogatory phase was completed on May 11, 2016. OEB staff filed a written submission on May 25, 2016 in support of Enbridge's application. In its submission, OEB staff provided its recommended Conditions of Approval. Enbridge filed its reply submission on June 6, 2016 confirming its acceptance of the Conditions of Approval proposed by OEB staff.

3 THE PUBLIC INTEREST TEST

This is an application under section 90 of the OEB Act seeking an order for leave to construct a natural gas pipeline. Section 96 of the OEB Act provides that the OEB shall make an order granting leave if the OEB finds that “the construction, expansion or reinforcement of the proposed work is in the public interest”. When determining whether a project is in the public interest, the OEB typically examines the need for the project, the project cost and economics, the environmental impacts, Aboriginal consultation, and the impacts on landowners. Each of these issues is addressed below.

4 NEED FOR THE PROJECT

The need for the Proposed Pipeline is based on a request by North Pickering Community Management Inc. (NPCMI) for natural gas distribution service to the Seaton Community. The NPCMI represents the landowners and developers of the Seaton Community. Enbridge filed a letter of support, dated January 27, 2016, from NPCMI (NPCMI Letter). The NPCMI Letter provided information on the projected growth of the Seaton Community and stated that the construction of the first stage phase of the project started in 2015 and will finish in the Spring of 2017.

The OEB accepts Enbridge's evidence that the Proposed Pipeline is needed to supply gas to the Seaton Community.

5 PROJECT COST AND ECONOMICS

Development of the Seaton Community has been planned over several stages between 2015 and 2023. The Proposed Pipeline will provide distribution services for the first stage and will also support the expected growth of the Seaton Community over the next stages through to the year 2023. The estimated capital cost of the Proposed Pipeline is \$4.1 million, which includes the costs for distribution pipelines, the district station, land rights contingencies and overhead.

Enbridge calculated the economic feasibility by discounting the estimated incremental cash flows over a 40-year customer revenues horizon from the forecasted customer additions in years 2017 to 2023.

According to Enbridge, the Seaton Community development will, beyond year 2017, require ancillary facilities such as a district station to regulate the pressure in the pipeline from extra high pressure to high pressure, distribution mains, services, and regulator stations (Additional Facilities). These Additional Facilities are not part of this application and, in Enbridge's submission, will not require future approvals by the OEB. However, for the purpose of calculating economic feasibility, Enbridge used the total capital costs of \$34.6 million, including both the combined costs of the Proposed Pipeline and the Additional Facilities to be constructed by 2023. The resulting Profitability Index (PI) is 1.69. Enbridge also provided an economic feasibility analysis for the Proposed Pipeline that included only the first stage of Seaton Community development. The resulting PI is 1.17.

The OEB finds that economic feasibility of the Proposed Pipeline meets the requirements of the OEB's *Guidelines for Assessing and Reporting on Natural Gas System Expansion in Ontario, 1998* (EBO 188) and, therefore, the Proposed Pipeline cost has no economic impact on Enbridge's ratepayers.

6 ENVIRONMENTAL ASSESSMENT

Enbridge followed the OEB's *Environmental Guidelines for the Location, Construction and Operation of Hydrocarbon Pipelines in Ontario, 2011* (OEB Environmental Guidelines) to assess the environmental impact of the Proposed Pipeline. The environmental assessment, with proposed mitigation measures, was documented in an Environmental and Socio-Economic Impact Assessment Report (ER) completed by Stantec Consulting Ltd. (Stantec) on behalf of Enbridge.

The ER was reviewed by members of the Ontario Pipeline Coordination Committee (OPCC), the City of Pickering, the Regional Municipality of Durham, Toronto Region and Conservation Authority, relevant federal agencies, potentially affected First Nations and the Métis Nation of Ontario. There are no outstanding issues or concerns raised in the ER review.

The OEB finds that Enbridge will adequately address the environmental issues by implementing the mitigation recommendations identified in the ER and the recommendations made in the OPCC review and adhering to the Conditions of Approval relating to mitigation and construction monitoring and reporting.

7 ABORIGINAL CONSULTATION

Stantec, on behalf of Enbridge, conducted a consultation with First Nations and Métis Nations to address any potential Aboriginal land claims or treaty rights in a 100 kilometre radius of the Proposed Pipeline. In advance of the application filing, Stantec notified Alderville First Nation, Chippewas of Georgina Island, Chippewas of Rama First Nation, Curve Lake First Nation, Hiawatha First Nation (HFN), Mississaugas of Scugog Island First Nation (MSIFN) and Métis Nation of Ontario about the Proposed Pipeline.

As per the OEB's letter of direction dated March 31, 2016, Enbridge served the Notice of Application on the First Nations and Métis Nation of Ontario which may be potentially affected by the Proposed Pipeline.

Enbridge stated it received no comments resulting from the Aboriginal consultation except for requests for a copy of the Stage 1 and 2 Archaeological Reports, upon completion, from HFN and MSIFN. MSIFN also requested a copy of the ER. Enbridge delivered the requested documents and informed the HFN and MSIFN that it will deliver copies of the Stage 2 Archeological Report upon its completion.

Except for requests for the above-noted documentation, according to Enbridge's evidence, no concerns have been raised in the consultation.

The OEB is satisfied that that Enbridge has followed the OEB Environmental Guidelines regarding consultation with Aboriginal communities and that the duty to consult has been sufficiently discharged for the Proposed Pipeline as of the time of this approval.

8 LAND MATTERS

The Proposed Pipeline starts near the intersection of Taunton Road and Sideline 16 and runs west along Taunton Road, terminating at Sideline 24. The entire route of the Proposed Pipeline is within Taunton Road municipal road allowance. Rights to locate the Proposed Pipeline within the road allowance are set out in the franchise agreement between the Regional Municipality of Durham and Enbridge. The evidence indicates that, in the future, Taunton Road will be widened at select locations. This requires that some sections of the Proposed Pipeline route be located beyond the existing boundaries of the Taunton Road allowance until the Taunton Road widening is completed. As a result, Enbridge needs to acquire permanent easement rights from Infrastructure Ontario, the owner of the land where Taunton Road will be expanded. Enbridge stated that the negotiations with Infrastructure Ontario for permanent easement rights are in progress.

Section 97 of the OEB Act requires Enbridge to satisfy the OEB that it has offered or will offer to each owner of land affected by the pipeline route an agreement in a form approved by the OEB. Enbridge has filed a form of the easement agreement that it has offered or will offer to Infrastructure Ontario.

The OEB approves the proposed form of easement agreement filed by Enbridge. The OEB notes that this form of easement agreement is the same as a form that the OEB has approved in prior Enbridge proceedings.¹

¹ EB-2012-0451, EB-2012-0438 and EB-2105-0194

9 ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Enbridge Gas Distribution Inc. is granted leave, pursuant to subsection 90(1) of the OEB Act, to construct a section of approximately 0.5 km of Nominal Pipe Size 6 inch diameter steel pipeline and a second section of approximately 2.9 km of Nominal Pipe Size 8 inch diameter steel pipeline and ancillary facilities in the City of Pickering, in the Regional Municipality of Durham, as described in its application in this proceeding. Leave to construct is subject to Enbridge Gas Distribution Inc. complying with the Conditions of Approval set forth in Schedule B.
2. Enbridge Gas Distribution Inc. shall pay the OEB's costs incidental to this proceeding upon receipt of the OEB's invoice.

DATED at Toronto June 23, 2016

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

SCHEDULE "A"

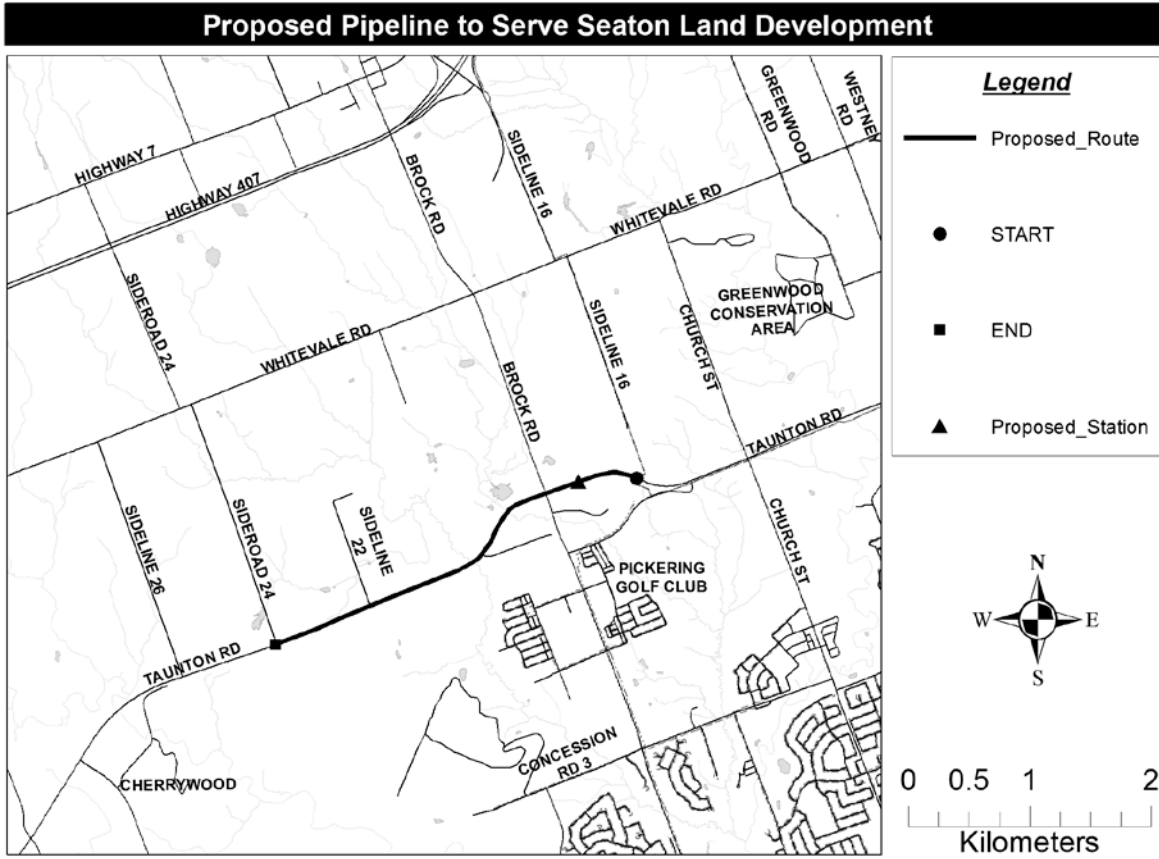
Enbridge Gas Distribution Inc.

Board File No. EB-2016-0054

Map of The Proposed Pipeline

Dated: June 23, 2016

Map of The Proposed Pipeline



SCHEDULE "B"

Enbridge Gas Distribution Inc.

Board File No. EB-2016-0054

Leave to Construct Conditions of Approval

Dated: June 23, 2016

Leave to Construct Conditions of Approval
Application under Sections 90 of the OEB Act
Enbridge Gas Distribution Inc.
EB-2016-0054

1. Enbridge Gas Distribution Inc. (Enbridge) shall construct the facilities and restore the land in accordance with the OEB's Decision and Order in EB-2016-0054 and these Conditions of Approval.
2. (a) Authorization for leave to construct shall terminate 12 months after the decision is issued, unless construction has commenced prior to that date.

(b) Enbridge shall give the OEB notice in writing:
 - i. of the commencement of construction, at least ten days prior to the date construction commences;
 - ii. of the planned in-service date, at least ten days prior to the date the facilities go into service;
 - iii. of the date on which construction was completed, no later than 10 days following the completion of construction; and
 - iv. of the in-service date, no later than 10 days after the facilities go into service.
3. Enbridge shall implement all the recommendations of the Environmental Report filed in the proceeding, and all the recommendations and directives identified by the Ontario Pipeline Coordinating Committee review.
4. Enbridge shall advise the OEB of any proposed change to OEB-approved construction or restoration procedures. Except in an emergency, Enbridge shall not make any such change without prior notice to and written approval of the OEB. In the event of an emergency, the OEB shall be informed immediately after the fact.
5. Enbridge shall file, in the proceeding where the actual capital costs of the project are proposed to be included in rate base, a Post Construction Financial Report, which shall indicate the actual capital costs of the project and shall provide an explanation for any significant variances from the cost estimates filed in this proceeding.

6. Both during and after construction, Enbridge shall monitor the impacts of construction, and shall file with the OEB one paper copy and one electronic (searchable PDF) version of each of the following reports:
 - a) a post construction report, within three months of the in-service date, which shall:
 - i. provide a certification, by a senior executive of the company, of Enbridge's adherence to Condition 1;
 - ii. describe any impacts and outstanding concerns identified during construction;
 - iii. describe the actions taken or planned to be taken to prevent or mitigate any identified impacts of construction;
 - iv. include a log of all complaints received by Enbridge, including the date/time the complaint was received, a description of the complaint, any actions taken to address the complaint, the rationale for taking such actions; and
 - v. provide a certification, by a senior executive of the company, that the company has obtained all other approvals, permits, licences, and certificates required to construct, operate and maintain the proposed project.
 - b) a final monitoring report, no later than fifteen months after the in-service date, or, where the deadline falls between December 1 and May 31, the following June 1, which shall:
 - i. provide a certification, by a senior executive of the company, of Enbridge's adherence to Condition 3;
 - ii. describe the condition of any rehabilitated land;
 - iii. describe the effectiveness of any actions taken to prevent or mitigate any identified impacts of construction;
 - iv. include the results of analyses and monitoring programs and any recommendations arising therefrom; and
 - v. include a log of all complaints received by Enbridge, including the date/time the complaint was received, a description of the complaint, any actions taken to address the complaint, the rationale for taking such actions.