



**EB-2007-0888**  
**EB-2007-0889**  
**EB-2007-0890**

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

**AND IN THE MATTER OF** an Application by Enbridge Gas Distribution for an Order pursuant to Section 90(1) of the Ontario Energy Board Act, 1998, granting leave to construct a series of natural gas transmission lines and related facilities that comprise the Tecumseh Storage Enhancement Project in the Geographic Townships of Sombra and Moore, in the Township of St. Clair, and in the Geographic Township of Dawn, in the Township of Dawn-Euphemia, in the County of Lambton.

**BEFORE:** Pamela Nowina  
Presiding Member

Cathy Spoel  
Member

Bill Rupert  
Member

### **DECISION AND ORDER**

Enbridge Gas Distribution Inc. ("EGD") has filed an application with the Ontario Energy Board, (the "Board") dated November 21, 2007, under section 90(1) of the *Ontario Energy Board Act*, 1998, S.O. 1998, c.15, Schedule B for orders granting leave to construct pipelines under three separate applications. EGD has also applied pursuant to section 97 of the *Ontario Energy Board Act*, 1998, S.O. 1998, c-15, Schedule B for approval of the form of easement agreement offered to the landowners required for two of these leave to construct applications. The series of applications have been broken down into three parts that will, in part, comprise the Tecumseh Storage Enhancement Project.

The first application, titled the Sombra Transmission Extension, is for the addition of approximately 340m of NPS 16 steel pipeline and related facilities.

The second application, titled the Vector Tie-In, is for approximately 0.8 km of NPS 16 steel pipeline that will connect into the Sombra Station and is required to deliver to and take away gas from the Vector Pipeline Limited Partnership pipeline.

The third and last application in this proceeding, titled the Ladysmith Loop, is for approximately 4.5km of NPS 20 steel pipeline and related facilities. The Ladysmith Loop will commence at EGD's Tecumseh Station and is required to deliver and take away gas to and from the Ladysmith storage reservoir.

According to EGD's application, the pipeline and related facilities are required to meet the demand for high deliverability storage services in Ontario. The high deliverability storage services which are provided by these projects will be used to meet the needs of power generators and marketers in Ontario. These services are being made available due to the Ontario Energy Board's (the "Board") decision in EB-2005-0551 Natural Gas Electricity Interface Review ("NGEIR"), which recognized a market need for high deliverability services. The pipelines are to be constructed in the Geographic Townships of Sombra and Moore, in the Township of St. Clair, and in the Geographic Township of Dawn, in the Township of Dawn-Euphemia, in the County of Lambton.

EGD's proposed new high deliverability storage service was offered to the market in an open season process which was announced on November 28, 2006. The deliverability and injection services offered were up to 212,460 GJ/d (approximately 200 mmcf/d) which could be ratcheted or unratcheted injection and withdrawal service. In addition, the Company was offering multiple receipt and delivery points (TransCanada, Union Dawn, Vector and Niagara Link) as part of this open season. Also in this open season, bidders could elect to bid for enhanced nomination windows which would match the Union Gas Limited's offering of 13 total nomination windows which was discussed in the NGEIR proceeding. The open season closed with all interested bidders returning confidential bids to EGD by December 22, 2006.

EGD reviewed the bids and awarded capacity to the successful bidders on January 26, 2007. Contract negotiations were then finalized and contracts were executed with the successful bidders. The final capacity awarded through the open season was approximately 2,900,000 GJ (2.7 Bcf) and the deliverability awarded through the open season remains 212,416 GJ/d (200 mmcf/d).

For the reasons set out below, the Board finds the construction of the proposed pipeline is in the public interest and grants Leave to Construct, subject to certain Conditions of Approval, which are attached to this Decision.

## **The Proposed Pipelines**

### **Sombra Line Extension**

The proposed 16 inch NPS pipeline travels exclusively across lands owned by EGD, Union Gas Limited (“Union”) and TransCanada Pipelines Ltd. (“TCPL”). The Sombra Line Extension will commence at the EGD valve site on the west side of the TCPL Station northwest of the Union Dawn Compressor Station and is required to deliver gas to and take away gas from the Union Gas Dawn Facility.

### **Vector Tie-In**

The proposed 16 inch NPS pipeline travels across one privately owned property, owned by Mr. Ross Alfred Bradshaw (“Mr. Bradshaw”). The southerly end of the proposed route is located in a 4.43 hectare Compressor Site owned by EGD. The proposed route exits the EGD Compressor Site at its Northwest corner and then proceeds north along the east side of and parallel with the dividing line between Lots 22 and 23, Concession 13, for the Geographic Township of Sombra, in the Township of St. Clair, in the County of Lambton to the point where the pipeline meets the tie-in point located at the NPS 42 Vector pipeline.

### **Ladysmith Loop**

The proposed 20 inch NPS pipeline and related facilities will commence at EGD’s Tecumseh Station. The north-easterly end is located in the 8.09 hectare (20 acre) Compressor Site owned by EGD in Lot 19 Concession 7, for the Geographic Township of Moore, in the Township of St. Clair, in the County of Lambton. The south-westerly end point is located in Lot 20 Concession 5, for the Geographic Township of Moore, in the Township of St. Clair, in the County of Lambton where it will connect with an existing pipeline and facilities owned by EGD for gas storage operations related to the Ladysmith Storage Pool.

A map showing the location of the proposed pipelines and related facilities is attached as Appendix A.

## **Proceeding**

The Board issued the Notice of Application on December 6, 2007, which was published and served by EGD as directed. A letter requesting late intervenor status was received from Union Gas Limited (“Union”) on January 21, 2008. The Board approved Union’s request. The Board proceeded by way of written hearing.

On March 3, 2008, Board staff, through written interrogatories, requested clarification of certain aspects of the pre-filed evidence and additional information. On March 12, 2008, EGD responded to the interrogatories, which concluded the discovery phase of the proceeding.

## **The Public Interest Test**

This is an application under section 90 of the Act, seeking a Leave to Construct Order. Section 96 of the Act provides that the Board shall make an Order granting leave if the Board 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 Board typically examines the need for the project, the economics of the project, the environmental impact, and the impact on landowners. The Board also has a separate duty to ensure that adequate consultation, and, where appropriate, accommodation with Aboriginal Peoples has been undertaken. Each of these factors will be considered in turn.

## **The Need for the Project**

The Tecumseh Storage Enhancement Project described in these applications is required to meet a demand for high deliverability storage services in Ontario. The high deliverability storage services which are provided by these projects will be used to meet the needs of power generators and marketers in Ontario. These services are being made available due to the Board’s decision in EB-2005-0551 Natural Gas Electricity Interface Review (“NGEIR”) proceeding, which recognized a market need for high deliverability services.

The need for these high deliverability storage services arises from market demands, including the needs of gas-fired generators. These market demands were highlighted in the Board’s NGEIR proceeding. In this proceeding the Board investigated; a) more frequent nomination windows as a service to gas-fired generators; b) firm high

deliverability from storage as a service to gas-fired generators; and, c) whether to refrain in whole or in part from regulating the rates charged for the storage of gas in Ontario.

In November 2007, by way of the NGEIR Decision, the Board recognized the need for new high deliverability storage services, but indicated that it would refrain from regulating the rates of these new services. As a result, the new high deliverability storage services facilitated by the Tecumseh Storage Enhancement Project will be unregulated in accordance with the NGEIR Decision that stated “The Board will refrain from regulating the rates for new storage services, including Enbridge’s high deliverability service from the Tecumseh Storage Enhancement Project.”

EGD’s new high deliverability storage service will support the balancing needs of gas fired generators of electricity. It is EGD’s intent that the high deliverability storage service will be available for gas fired generation facilities currently under construction and due to be on-line in 2008. Timely development of the pipeline facilities that are part of the Tecumseh Storage Enhancement Project is critical to ensure the in-service dates for the high deliverability contracts can be achieved.

The Tecumseh Storage Enhancement Project, which will enable EGD to offer this new high deliverability storage service, is comprised of four distinct Leave to Construct Applications.

Three pipeline segments are being proposed as part of the Tecumseh Storage Enhancement Project and together will enable a high deliverability storage service made up of 2,900,000 GJ of new, incremental storage and 212,460 GJ/day in deliverability. Each of the segments (Sombra Line Extension, Vector Tie-In and Ladysmith Loop) is a standalone pipeline functioning independently of one another but once incorporated into the Tecumseh storage system will provide the majority of the overall enhancement to storage deliverability.

EGD proposes to construct approximately 340m of NPS 16 steel pipeline, comprising the Sombra Line Extension, with a maximum operating pressure of 1,000 psig (6,900 kPa). The Sombra Line Extension will commence at the EGD valve site on the west side of the TCPL Station northwest of the Union Gas Dawn Compressor Station (“Union Gas Dawn”) and is required to deliver gas to and take gas from the Union Gas Dawn Facility. Normal operating pressure for this line would be in the 300 to 700 psig range (2,070 to 4,830 kPa).

For the Vector Tie-In segment of the Tecumseh Storage Enhancement Project, EGD proposes to construct approximately 0.8 km of NPS 16 steel pipeline with a maximum operating pressure of 1,000 psig (6,900 kPa). The Vector Tie-In will connect into the Sombra Station and is required to deliver to and take away gas from the Vector Pipeline Limited Partnership pipeline within a normal pressure range between 650 to 750 psig (4,480 to 5,170 kPa).

Finally, EGD proposes to construct the Ladysmith Loop which will be approximately 4.5 km of NPS 20 steel pipeline and related facilities with a maximum operating pressure of 1,440 psig (9,930 kPa). The Ladysmith Loop will commence at EGD's Tecumseh Station and is required to deliver and take away gas, in a normal operating pressure range of between 300 to 1,3400 psig (2,070 to 9,240 kPa), to and from the Ladysmith storage reservoir.

The Board accepts EGD's evidence that additional transmission facilities are needed to accommodate the demand for high deliverability storage services in Ontario and that the proposed pipeline and related facilities meet that need.

### **The Proposed Pipeline's Design and Routing**

According to EGD's evidence, the design and pipe specifications, installation and testing of the proposed pipeline adhere to the requirements of Ontario Regulation 210/01 under the *Technical Standards and Safety Act*, Oil and Gas Pipeline Systems and the CSA Z662-03 Oil and Gas Pipeline Systems code.

EGD chose the NPS 16 and 20 sizes as opposed to various alternatives to meet the requirements of the Tecumseh Storage Enhancement Project.

The Board is satisfied that the evidence establishes that the pipeline design and specifications are acceptable and that the proposed project is the best alternative.

### **Environmental Assessment**

#### **Sombra Line Extension**

The Sombra Line Extension easement travels exclusively across lands owned by Union Gas and TCPL. Due to the short length of the proposed pipeline, the environmental evaluation of the selected route was reviewed with the use of an Environmental

Screening. The Environmental Screening was completed by an EGD Environmental Specialist and there were no identifiable environmental concerns within the route.

### **Vector Tie-In**

The Vector Tie-In pipeline travels across one privately owned property, owned by Mr. Bradshaw. Due to the short length of the proposed pipeline, the environmental evaluation of the selected route was reviewed with the use of an Environmental Screening. The Environmental Screening was completed by an EGD Environmental Specialist and there were no identifiable environmental concerns with the route.

### **Ladysmith Loop**

EGD retained Stantec Consulting Ltd. (“Stantec”) to undertake an environmental and socio-economic impact assessment (“EA”) and to select the preferred route. The assessment was carried out in accordance with the Board’s Environmental Guidelines for the Location, Construction and Operation of Hydrocarbon Pipelines and Facilities in Ontario (May 2003) (the “Board’s Environmental Guidelines”). The results of the assessment are documented in the “Tecumseh Compressor Station to Ladysmith Natural Gas Storage Pool Environmental Assessment Update”, November 2007 (“Stantec Report”), which was filed in this proceeding.

In accordance with the Board’s Environmental Guidelines, the Stantec Report was reviewed by the Ontario Pipeline Coordination Committee (“OPCC”). There are no outstanding concerns related to the OPCC review.

As part of the environmental assessment process, Stantec undertook consultation with government agencies and the public. A public meeting was held on March 21, 2007 to inform the public of the project and to solicit input on the route of the project. The Stantec Report included details of the public consultation undertaken.

In 1993, an EA was completed by Stantec for a proposed NPS 16 pipeline connecting the Ladysmith Reservoir and the Tecumseh Compressor Station. The EA identified a Preferred 1993 Route (“1993 Preferred Route”) which was located within a hydro easement and traveled through a poorly drained woodlot along the southern portion of the route. The 1993 Easement has been maintained and remains as a binding agreement with the respective landowners in 2007. EGD notes that the 1993 Easement was an agreement for an NPS 16 pipeline which does not meet the current needs of the Ladysmith Loop.

In 2007, Stantec was retained to re-evaluate and update the 1993 EA in connection with the Tecumseh Storage Enhancement Project. The revised report identified a 2007 Preferred Route that parallels the 1993 Preferred Route, 302m to the east.

Subsequently, EGD also notes that Stantec has also identified a Final Route (“2007 Alternate Route”) which is located 15m to the west of the 1993 Preferred Route and is also described in Stantec’s revised report.

Stantec has stated that either the 2007 Preferred Route, the 1993 Preferred Route, or the 2007 Alternate Route are environmentally acceptable with the implementation of the standard mitigation and protective measures. The 2007 Alternate Route is preferred by the landowners and is located 15 metres west of the 1993 Preferred Route, and immediately west of a Union Gas pipeline easement.

EGD reports that the affected landowners along the 2007 Alternate Route have been receptive to the Ladysmith Loop being built along that route, and have entered into Agreements to Grant Easement with EGD. The County of Lambton has also entered into an Agreement to Grant Easement with EGD as of December 12, 2007.

The Board notes that EGD has committed to implement the recommendations in the Stantec Report. The Board accepts EGD’s evidence regarding the environmental assessment of the proposed pipeline, and finds that the proposed mitigation and monitoring activities are acceptable and address the environmental concerns. The Conditions of Approval reflect EGD’s commitments.

### **Economics of the Project**

In its evidence, EGD states that all costs associated with the Tecumseh Storage Enhancement Project are being captured in the unregulated accounts. As such, EGD is not seeking a finding from the Board related to the financial feasibility of these projects.

EGD also states through their response to Board staff interrogatories that in order to capture the costs associated with the Tecumseh Storage Enhancement Project a set of unregulated capital and operating accounts have been established and appropriate processes have been implemented for purposes of charging employee, contractor, material and all other relevant costs to these unregulated accounts.

The Board accepts EGD’s evidence that the costs of the projects will be captured in unregulated accounts.



## **Land Issues and Form of Easement**

Section 97 of the Act provides that a leave to construct will not be granted until the applicant has satisfied the Board that it has offered or will offer to each owner of land affected by the approved route or location an agreement in a form approved by the Board.

### **Sombra Line Extension**

EGD has filed with the Board a form of easement agreement that was offered and will be offered to the affected landowners. EGD has indicated that preliminary negotiations with Union, TCPL and Vector to obtain the necessary land rights to construct the proposed pipeline have been initiated.

### **Vector Tie-In**

EGD has filed with the Board a form of permanent easement agreement that has been acquired from Mr. Bradshaw. EGD also states that they have acquired from Mr. Bradshaw an agreement that grants a temporary working area for construction.

### **Ladysmith Loop**

EGD reports that the affected landowners along the 2007 Alternate Route as well as the County of Lambton have been receptive to the Ladysmith Loop being built along that route, and they have all entered into Agreements to Grant Easement with EGD.

The Board approves the form of easement which has been filed by EGD.

### **Aboriginal Consultation Conducted by Union**

In response to a request from Board staff, EGD provided information on its consultations with Aboriginal Peoples relative to the proposed pipeline project. In consultation with Indian and Northern Affairs Canada ("INAC"), EGD made contact with and information was sent by EGD personnel to the offices of the Bkwejwanong Territory (Walpole Island) and to the Chippewas of Aamjiwnaang (Sarnia) as these were the Aboriginal Groups listed as the involved parties in litigation proceedings for the area of construction proposed by EGD. This package of information included general information of the projects and copies of the EA for the Ladysmith Loop project and the environmental screenings for the Vector Tie-In and Sombra Line Extension.

EGD further states that first contact with the specific Aboriginal groups was made by way of letter on November 15, 2007. Two separate packages of information regarding the Tecumseh Storage Enhancement Project Leave to Construct Application were communicated to both the Bjwejwanong Territory and the Chippewas of Aamjiwnaang. On November 21, 2007, the Environmental Assessment report for the Ladysmith Loop and the environmental screenings for both the Vector Tie-In and the Sombra Line Extension were mailed by courier. On December 11, 2007, the Notice of Application for the project and a complete copy of the evidence filed with the Board for the project were mailed by courier. In addition, EGD states, a follow up letter dated March 11, 2008 was sent to both First Nations groups.

EGD notes in its response to Board staff interrogatories that as part of the First Nations Consultation Stantec contacted INAC on June 21, 2006 to seek information regarding the status of lands within the Ladysmith Loop Pipeline route study area. INAC indicated that no specific claims had been submitted in the Study Area but recommended additional communication with INAC's Comprehensive Claims Branch and Litigation Management Resolution Branch. INAC's Comprehensive Claims Branch was contacted on April 12, 2007 concerning any First Nations claims within the Study Area and notification was returned to Stantec indicating no claims within the area south east of Sarnia, and therefore the Study Area.

To date, EGD states that no communication from the Aboriginal Groups with respect the applied for projects has been received. EGD notes that it will update the Board if any communication is received from the Aboriginal Groups.

The Board is satisfied that in this application sufficient consultation has occurred and notes that EGD remains committed to ongoing consultation with Aboriginal Peoples in respect of its projects.

### **Orders Granted**

For the reasons indicated, the Board finds the pipeline project proposed by EGD in this proceeding is in the public interest and grants an Order for Leave to Construct subject to the Conditions of Approval as set out in Appendix B.

**THE BOARD ORDERS THAT:**

1. Enbridge Gas Distribution Inc. is granted leave, pursuant to subsection 90 (1) of the Act, to construct approximately 340m of NPS 16 steel pipeline and related facilities comprising the Sombra Line Extension; approximately 0.8 km of NPS 16 steel pipeline comprising the Vector Tie-In; and approximately 4.5km of NPS 20 steel pipeline and related facilities comprising the Ladysmith Loop in the Geographic Townships of Sombra and Moore, in the Township of St. Clair, and in the Geographic Township of Dawn, in the Township of Dawn-Euphemia, in the County of Lambton for the purpose of meeting the demand for high deliverability storage services in Ontario and meet the needs of power generators and marketers in Ontario, subject to the Conditions of Approval set forth in Appendix B.
2. Enbridge Gas Distribution Inc. shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

**DATED** at Toronto March 28, 2008

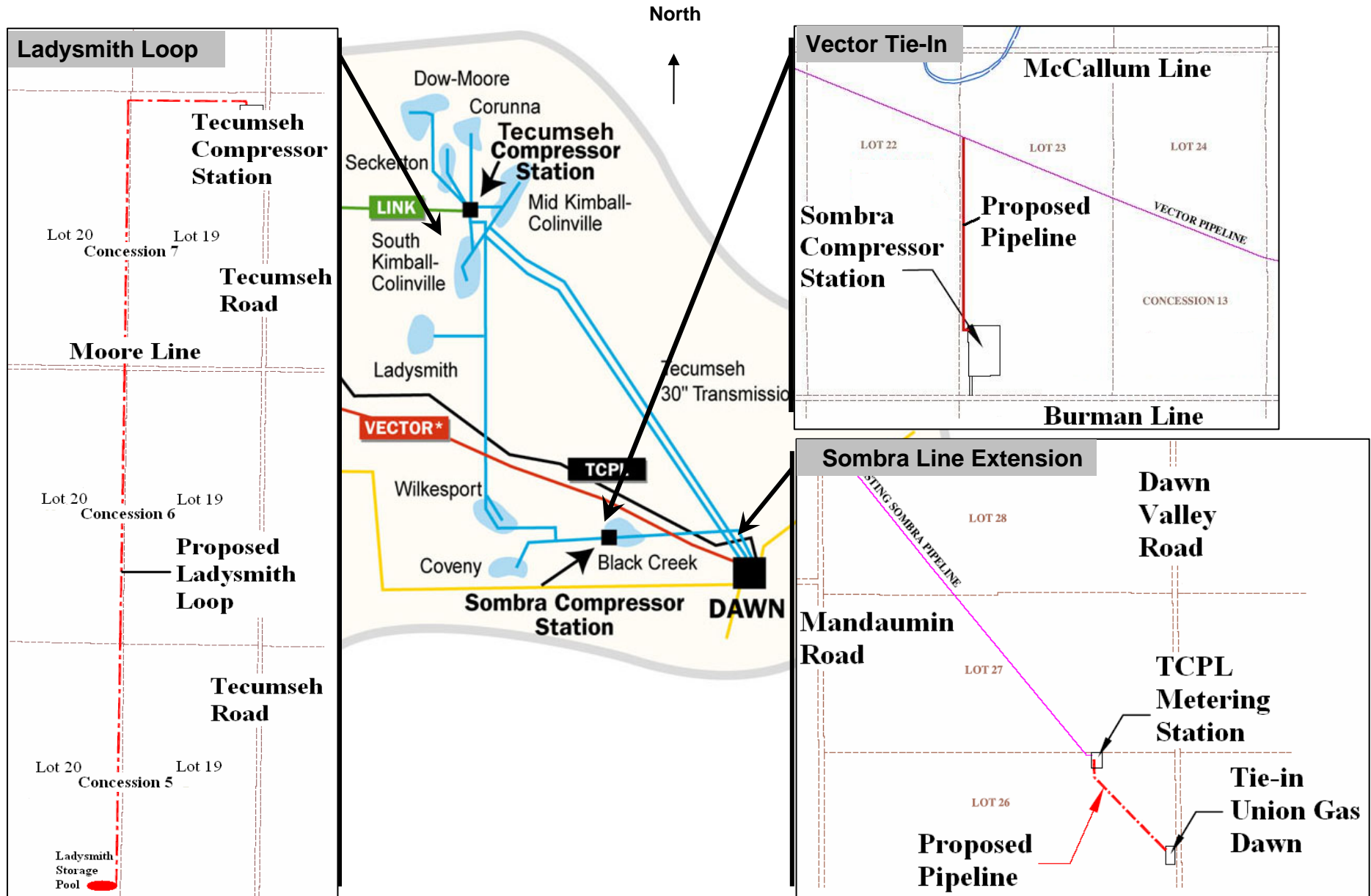
**ONTARIO ENERGY BOARD**

*Original Signed By*

Kirsten Walli  
Board Secretary

**APPENDIX A**  
**TO BOARD DECISION AND ORDER**  
**IN THE MATTER OF EB-2007-0888 / 0889 / 0890**  
**DATED March 28, 2008**  
**MAP OF THE PIPELINE ROUTE**

# Enbridge Gas Distribution Inc. Proposed Tecumseh Storage Enhancement Project



**APPENDIX B**  
**TO BOARD DECISION AND ORDER**  
**IN THE MATTER OF EB-2007- 0888 / 0889 / 0890**  
**DATED March 28, 2008**  
**CONDITIONS OF APPROVAL**

**EB-2007-0888 / 0889 / 0890**

**Enbridge Gas Distribution Inc.**

**Tecumseh Storage Enhancement Project**

**Leave to Construct Application**

**Conditions of Approval**

**Leave to Construct**

## **1 General Requirements**

- 1.1 Enbridge Gas Distribution Inc. ("Enbridge ") shall construct the facilities and restore the land in accordance with its application and the evidence filed in EB-2007-0888 / 0889 / 0890, except as modified by this Order and these Conditions of Approval.
- 1.2 Unless otherwise ordered by the Board, authorization for Leave to Construct shall terminate December 31, 2008, unless construction has commenced prior to then.
- 1.3 Except as modified by this Order, Enbridge shall implement all the recommendations of the Environmental Screenings and Report filed in the pre-filed evidence, and all the recommendations and directives identified by the Ontario Pipeline Coordinating Committee ("OPCC") review.
- 1.4 Enbridge shall advise the Board's designated representative of any proposed material change in construction or restoration procedures and, except in an emergency, Enbridge shall not make such change without prior approval of the Board or its designated representative. In the event of an emergency, the Board shall be informed immediately after the fact.

## **2 Project and Communications Requirements**

- 2.1 The Board's designated representative for the purpose of these Conditions of Approval shall be the Manager, Facilities.
- 2.2 Enbridge shall designate a person as project engineer and shall provide the name of the individual to the Board's designated representative. The project engineer will be responsible for the fulfilment of the Conditions of Approval on the construction site. Enbridge shall provide a copy of the Order and Conditions of Approval to the project engineer, within seven days of the Board's Order being issued.
- 2.3 Enbridge shall give the Board's designated representative and the Chair of the OPCC ten days written notice in advance of the commencement of the construction.
- 2.4 Enbridge shall furnish the Board's designated representative with all reasonable assistance for ascertaining whether the work is being or has been performed in accordance with the Board's Order.
- 2.5 Enbridge shall file with the Board's designated representative notice of the date on which the installed pipelines were tested, within one month after the final test date.
- 2.6 Enbridge shall furnish the Board's designated representative with five copies of written confirmation of the completion of construction. A copy of the confirmation shall be provided to the Chair of the OPCC.

### **3 Monitoring and Reporting Requirements**

- 3.1 Both during and after construction, Enbridge shall monitor the impacts of construction, and shall file four copies of both an interim and a final monitoring report with the Board. The interim monitoring report shall be filed within six months of the in-service date, and the final monitoring report shall be filed within fifteen months of the in-service date. Enbridge shall attach a log of all complaints that have been received to the interim and final monitoring reports. The log shall record the times of all complaints received, the substance of each complaint, the actions taken in response, and the reasons underlying such actions.
- 3.2 The interim monitoring report shall confirm Enbridge's adherence to Condition 1.1 and shall include a description of the impacts noted during construction and the actions taken or to be taken to prevent or mitigate the long-term effects of the impacts of construction. This report shall describe any outstanding concerns identified during construction.
- 3.3 The final monitoring report shall describe the condition of any rehabilitated land and the effectiveness of any mitigation measures undertaken. The results of the monitoring programs and analysis shall be included and recommendations made as appropriate. Any deficiency in compliance with any of the Conditions of Approval shall be explained.

### **4 Easement Agreements**

- 4.1 Enbridge shall offer the form of agreement approved by the Board to each landowner, as may be required, along the route of the proposed work.

### **5 Other Approvals and Agreements**

- 5.1 Enbridge shall obtain all other approvals, permits, licences, and certificates required to construct, operate and maintain the proposed project, shall provide a list thereof, and shall provide copies of all such written approvals, permits, licences, and certificates upon the Board's request.