



EB-2012-0438

IN THE MATTER OF the Ontario Energy Board
Act, 1998, Schedule B;

AND IN THE MATTER OF an Application by
Enbridge Gas Distribution Inc. for an Order
pursuant to Section 90 of the *Ontario Energy Board
Act, 1998*, granting leave to construct natural gas
distribution pipeline and ancillary facilities in the
City of Ottawa.

BEFORE: Cynthia Chaplin, Vice Chair
Presiding Member

Emad Elsayed
Member

DECISION AND ORDER

April 11, 2013

Enbridge Gas Distribution Inc. (“Enbridge”) filed an application with the Ontario Energy Board on December 11, 2012 under section 90 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B (“Application”) for an order granting it leave to construct approximately 2.8 kilometres (“km”) of extra high pressure (“XHP”) steel pipeline and ancillary facilities along Innes Road in the City of Ottawa (the “Proposed Pipeline”). The Board assigned the application file number EB-2012-0438.

For the reasons set out below, the Board finds the construction of the Proposed Pipeline to be in the public interest and grants leave to construct under the terms and conditions (the “Conditions of Approval”) described in Appendix A.

The Proposed Pipeline

The Proposed Pipeline begins at the intersection of Blair Road and Innes Road and proceeds west along Innes Road for approximately 2.8 km to its end point in the vicinity of St. Laurent Boulevard in the City of Ottawa. Enbridge plans to start construction of the Proposed Pipeline in May 2013, with a proposed in-service date of October 2013.

A map showing the location of the Proposed Pipeline is attached as Appendix B.

The Proceeding

The Board issued a Notice of Application (“Notice”) on January 9, 2013 which was served and published by Enbridge as directed by the Board. There are no intervenors or observers in this proceeding. In accordance with the procedural schedule, Board staff filed interrogatories on February 13, 2013 and Enbridge responded on February 26, 2013.

Board staff filed a written submission on March 13, 2013 supporting Enbridge’s application. Enbridge filed a reply submission on March 20, 2013.

The Public Interest Test

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 works is in the public interest”. The following questions define the scope of the public interest test:

- Is there a need for the Proposed Pipeline?
- Are the costs and economic impacts of the construction and operation of the Proposed Pipeline reasonable?
- What are the environmental impacts associated with construction of the Proposed Pipeline and are they acceptable?
- Are there any outstanding landowner matters for the Proposed Pipeline routing and construction?
- Is the Proposed Pipeline designed in accordance with the current technical and safety requirements?

Each of these questions is addressed below.

The Need for the Proposed Pipeline

The Proposed Pipeline is driven by Enbridge's need to comply with the requirements of its Integrity Management Program ("IMP") which was established in response to a Director's Order by the Technical Standards and Safety Authority ("TSSA"), dated August 15, 2006 (Ref. No. FS-087-06). According to the IMP, the Innes Road main would require an in-line inspection by the end of 2013 based on its operating pressure.

Enbridge noted that the existing Innes Road main was not designed to facilitate in-line inspections. In order to comply with the in-line inspection requirements, the pipeline would require a number of retrofits (option 1) which would involve a piecemeal replacement of approximately 60% of the existing line (approximately 1.9 km) and would require in-line inspections and remediation work, on average, every seven years in order to comply with the IMP. Enbridge also explored reducing the operating pressure in the existing line to a level which would not require an in-line inspection, but found that alternative to be impractical given system demand particularly in colder weather.

As an alternative to retrofitting the existing line (option 2), Enbridge first examined replacing the existing NPS 8 pipeline with a new NPS 8 pipeline. They noted that the new pipeline would operate at a lower Specified Minimum Yield Strength ("SMYS"), thus excluding the pipeline from the IMP and reducing the operating and maintenance cost of the line.

Option 3 is Enbridge's preferred option. Similar to Option 2, Enbridge has proposed to replace the existing NPS 8 pipeline, but with a larger NPS 12 pipeline. Enbridge again noted that by replacing the pipeline, it will operate at a lower SMYS, thus excluding the pipeline from the IMP and reducing the operating and maintenance cost of the line, as would be the case in option 2. Enbridge also noted that by upsizing to NPS 12, a significant network bottleneck would be eliminated from the City of Ottawa's gas network, thereby improving system reliability.

The Board finds that Enbridge has adequately addressed the need for the Proposed Pipeline.

Project Costs and Economics

The estimated present value capital cost of the Proposed Pipeline project is \$7.2 million. Enbridge noted that, as the project is driven by integrity and reliability reasons rather than servicing additional growth, an economic feasibility analysis per the Board's E.B.O 188 "Report to the Board" dated January 30, 1998 was not provided. Instead, Enbridge provided cost comparisons of three options as outlined below.

Option	Cost Components	Total Costs
1) Retrofit/ In-line inspection	\$4,228,546 (base costs) + Immediate replacement/repair costs due to features identified by in-line inspection (cost unknown) + \$1,050,000 (in-line inspection cost to be incurred every 7 years for the lifetime of the pipe)	\$5,278,546 plus unknown immediate replacement / repair costs
2) Replacement: NPS 8	\$6,342,898 (replacement costs)	\$6,342,898
3) Replacement: NPS 12	\$7,243,501	\$7,243,501

The Board finds that Enbridge's evidence on the project costs and economics is acceptable. The Proposed Pipeline costs more up front than either of the two alternatives. However, the Retrofit option will require additional unknown immediate replacement/repair costs as well as ongoing inspection costs. The NPS 12 replacement option is preferable to the NPS 8 replacement option as it would eliminate a significant network bottleneck in the city, thus improving system reliability.

As the actual costs will not be available until the Proposed Pipeline is completed, the Board will require a report from Enbridge on the actual costs of the Proposed Pipeline as approved in this Decision and Order. Accordingly, the Board has included in Appendix A to this Decision and Order, the following as a Condition of Approval:

1.5 Within 15 months of the final in-service date, Enbridge shall file with the Board Secretary a Post Construction Financial

Report. The Report shall indicate the actual capital costs of the project and shall explain all significant variances from the estimates filed in the proceeding.

Environmental Assessment

Pipeline route selection and environmental assessment were completed in accordance with the *Environmental Guidelines for Locating, Constructing, and Operation of Hydrocarbon Pipelines and Facilities in Ontario* (Sixth Edition, 2011) (“OEB Environmental Guidelines”). The results are presented in an Environmental Report entitled “*Innes Road Pipeline Replacement Project*”, dated November, 2012 (“ER”). With implementation of mitigation measures identified in the ER, Enbridge expects no significant environmental impacts resulting from construction and routing of the Proposed Pipeline.

The Board finds that Enbridge has proposed an appropriate mitigation and restoration program to construct the Proposed Pipeline. To ensure mitigation of impacts, and restoration of land and water resources, the Board has imposed monitoring and reporting requirements in the Conditions of Approval attached as Appendix A to this Decision and Order. In conclusion, the Board finds that the environmental plans proposed by Enbridge are acceptable.

Land Issues

The Proposed Pipeline is to be located within public road allowances. Enbridge noted that any temporary working areas will be negotiated with landowners, and permits submitted once construction drawings are finalized. Enbridge also noted that discussions with the National Capital Commission are ongoing in regard to its requirements for the granting of temporary working areas on its lands. Enbridge filed forms of the Agreement to Grant Easement, The Easement Agreement and the Working Area Agreement that the company will offer to the directly affected landowners. Enbridge confirmed that it will obtain the necessary approvals and permits for the construction of the Proposed Pipeline and stated that it will offer the form of easement agreement to landowners in the event an easement became necessary.

Section 97 of the Act requires that the Board approve the form of easement agreement that would be offered to the landowners. The Board approves the proposed forms of agreement included in the evidence.

Pipeline Design – Technical and Safety Requirements

Enbridge provided evidence that the Proposed Pipeline is designed in accordance with the requirements of Ontario Regulation 210/01, Oil and Gas Pipeline Systems, under the *Technical Standards and Safety Act, 2008* and the CSA Z662 Oil and Gas Pipeline Systems Code.

The Board finds that the Proposed Pipeline meets the construction and operational requirements for safe operation.

For the reasons set out above, the Board finds the Proposed Pipeline is in the public interest and grants Enbridge the leave to construct subject to the conditions set out in Appendix A.

THE BOARD ORDERS THAT:

1. Enbridge Gas Distribution Inc. is granted leave, pursuant to subsection 90 (1) of the Act, to construct an approximately 2.8 kilometre section of 305 millimetre diameter (Nominal Pipe Size 12 inch) Extra High Pressure steel pipeline and ancillary facilities in Ottawa, subject to the Conditions of Approval set forth in Appendix “A”.
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, April 11, 2013

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

Appendix A

**Decision and Order
April 11, 2013**

**Enbridge Gas Distribution Inc.
Innes Road Project
EB-2012-0438**

Conditions of Approval

EB-2012-0438

Enbridge Gas Distribution Inc. Leave to Construct Application

Conditions of Approval

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-2012-0438 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 February 1, 2014, unless construction has commenced prior to that date.
- 1.3 Enbridge shall implement all the recommendations of the Environmental Report filed in the pre-filed evidence, and all the recommendations and directives identified by the members of the Ontario Pipeline Coordinating Committee ("OPCC").
- 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.
- 1.5 Within 15 months of the final in-service date, Enbridge shall file with the Board Secretary a Post Construction Financial Report. The Report shall indicate the actual capital costs of the project and shall explain all significant variances from the estimates filed in the proceeding.

2 Project and Communications Requirements

- 2.1 The Board's designated representative for the purpose of these Conditions of Approval shall be the Manager, Natural Gas Applications.
- 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 fulfillment 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.

Appendix B

**Decision and Order
April 11, 2013**

**Enbridge Gas Distribution Inc.
Innes Road Project
EB-2012-0438**

Map of the Project Location

