

August 18, 2022

OEB grants Enbridge Gas Inc. leave to construct natural gas pipelines in the Township of Alnwick/Haldimand

DECISION

Today the Ontario Energy Board (OEB) issued its [Decision and Order](#) granting Enbridge Gas Inc.'s (Enbridge) application for leave to construct natural gas pipelines (the Project) that will provide natural gas to customers located in the community of Haldimand Shores in the Township of Alnwick/Haldimand who currently do not have access to natural gas service.

The OEB found that the Project is in the public interest based on its review of the Project need, alternatives, costs and economics, environmental impacts, the route map and the form of landowner agreements, Indigenous consultation, and granted Enbridge's application subject to appropriate conditions of approval.

CONSIDERATIONS

When determining whether a project is in the public interest, the OEB typically considers the following factors that comprise the OEB's standard [Leave to Construct Issues List](#):

1. Need for the Project
2. Project Alternatives
3. Project Cost and Economics
4. Environmental Impacts
5. Route Map and Form of Landowner Agreements
6. Indigenous Consultation
7. Conditions of Approval

OEB FINDINGS

A summary of the OEB's key findings as they relate to its determination that the Project is in the public interest follows below.

Need for the Project (*Section 3.1, pp. 4-6*)

The OEB found that project need has been established.

The Project was one of 210 proposals for community expansion projects submitted to the OEB for assessment and included in the OEB's [Report to the Minister of Energy, Northern Development and Mines and to the Associate Minister of Energy: Potential Projects to Expand Access to Natural Gas Distribution](#). The Project was one of 28 projects selected by the government to receive funding as part of [Phase 2](#) of the Natural Gas

Expansion Program, which provides funding to Ontario natural gas distributors to expand natural gas to communities that are not currently connected to the natural gas system.

The Project is forecast to provide natural gas service to approximately 112 residential customers located in the community of Haldimand Shores, and has the support of the Corporation of the Township of Alnwick/Haldimand.

The OEB accepted Enbridge's customer forecast with the knowledge that Enbridge has an incentive to market and attach customers to the new pipeline. Further, Enbridge also indicated that it has had extensive consultation with the community of Haldimand Shores, which the OEB indicated that it expects to continue.

Project Alternatives (Section 3.2, pp. 6-7)

Enbridge stated that a new pipeline was considered as the only viable option to provide service to Haldimand Shores prospective customers, and that integrated resource planning alternatives were not considered as expansion projects that are funded under the Natural Gas Expansion Program are exempt from the OEB-approved Integrated Resource Planning framework.¹

The OEB found that the Project is in the public interest pursuant to sec. 96 (1) of the OEB Act, after considering such issues as costs, route, and design of the pipeline.

Project Cost and Economics (Section 3.3., pp. 7-11)

Enbridge's application estimated the total cost for the Project at \$4 million.²

The funding provided for the Project from the Natural Gas Expansion Program is \$2.8 million, and is treated similarly to a contribution in aid of construction. Therefore, the total capital cost of the Project, net of the Natural Gas Expansion Program funding, is projected to be \$1.2 million. To assist with the economic feasibility of the Project, Enbridge intends to charge a System Expansion Surcharge of \$0.23 per cubic meter to the customers attaching to the Project for a term of 40 years. Enbridge also stated that it will apply a 10-year stability period during which it will bear the risk of capital cost overruns and customer attachments being lower than forecast.

The OEB found that the Project is economically feasible.

Environmental Impacts (Section 3.4, pp. 11-13)

The OEB found that Enbridge had completed the Environmental Report: Haldimand Shores Community Expansion Project in accordance with the OEB's [Environmental Guidelines](#).

Indigenous Consultation (Section 3.6, pp. 14-15)

The OEB found that the duty to consult has been discharged sufficiently to allow it to approve the Project. In coming to this conclusion, the OEB considered the Ministry of Energy's August 15, 2022 [Letter of Opinion](#) to Enbridge, the evidence related to Indigenous consultation in the application and interrogatories, and the submissions of the parties as they relate to Indigenous consultation. In its Letter of Opinion, the Ministry of Energy expressed its opinion that the procedural aspects of the consultation undertaken by Enbridge to date for the Haldimand Shores Community Expansion Project have been satisfactory. The OEB also noted that for those

¹ EB-2020-0091, Decision and Order on Enbridge Gas Inc. Integrated Resource Framework Proposal, July 22, 2021, Appendix A. and page 48

² EB-2019-0255



communities that engaged with Enbridge during its consultation, there do not appear to be any outstanding concerns.

Conditions of Approval (*Section 3.7, p. 16-17*)

The OEB found that approval of the Project should be subject to the OEB's standard conditions of approval. These had been proposed by OEB staff, and Enbridge had confirmed that it intends to satisfy those condition.

About the OEB

The OEB is the independent regulator of Ontario's electricity and natural gas sectors. It protects the interests of consumers and supports the collective advancement of the people of Ontario. Its goal is to deliver public value through prudent regulation and independent adjudicative decision-making which contributes to Ontario's economic, social and environmental development.

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Ce document est aussi disponible en français.

This Backgrounder was prepared by OEB staff to inform Ontario's energy consumers about the OEB's decision and is not for use in legal or regulatory proceedings. It is not part of the OEB's reasons for the decision; those may be found in the Decision and Order issued today, which is the official OEB document.

