Subject: Southern Bruce Natural Gas Project Update

FYI Report Number: CAO 2019-13

Meeting Date: Wednesday, July 3, 2019

Purpose:

To provide an update to Council on the status of the Southern Bruce Natural Gas project.

Background:

Announced March 12, 2019, under the Natural Gas Expansion Support Program and the Access to Natural Gas Act, the EPCOR Southern Bruce Natural Gas Project will be eligible for up to $22 million in funding under a sustainable long-term expansion program that will connect more households than feasible under the previous program. The EPCOR Southern Bruce Natural Gas Project will be one of the first to access new funds available under this program.

On July 23, 2018, the Municipality of Kincardine entered into a Franchise Agreement via By-law 2018-098 which is conditional on EPCOR obtaining all required and necessary approvals for the Ontario Energy Board (the “OEB”).

EPCOR filed their Leave to Construct (EB-2018-0263) for the Southern Bruce Natural Gas Project with the OEB on September 20, 2018, and updated this application on February 27, 2019. The OEB issued a Notice of Hearing on March 22, 2019, identifying its intention to proceed with this application by way of written hearing.

As a result of the notice, Procedural Order No. 1 was issued by the OEB April 17, 2019 listing the applicant counsel and intervenors. Anwaatin, the Municipality of Brockton, Enbridge Gas, Industrial Gas Users Association and the Southern Bruce Municipalities were approved as intervenors.

Procedural Order No. 2 was issued May 14, 2019 providing an extension from May 1, 2019 to June 3, 2019 for written submissions regarding additional impacted landowners identified in the interrogatories. EPCOR was directed to file with the OEB an affidavit in both electronic and paper forms proving the completion of these matters, which was
submitted June 10, 2019 to the OEB. Mark Rodger of BLG prepared a written submission on behalf of Southern Bruce Municipalities. On June 3, the OEB completed a Staff Submission which included conditions for approval of the LTC. Such conditions include:

- The requirement to provide notice to the OEB of commencement of construction, planned in-service dates, and construction completion dates,
- Implementation of the recommendations in the Environmental Report,
- Requirement for a Post Construction Financial Report,
- Post construction reporting relating to the impacts of construction,
- A final monitoring report,
- A log of complaints received during the project, and,
- Requirement to designate a Project Manager.

A second Staff Submission was issued on June 6, 2019 when OEB staff noticed an omission that required a change to their original Staff Submission. There was a disagreement and misunderstanding between EPCOR and the OEB with respect to the portions of the project that must be included in the Environmental Report. EPCOR’s position was that the ER was only required to cover the mainline portion of the project, therefore, the 178 km of service lines were not included in the scope of the ER that was completed. OEB staff’s position is that the entire 298 km of mainlines and service lines must be covered by the ER, therefore they have added a condition which would require EPCOR to update the ER to include the 178km of service lines, and that construction of any elements not covered by the original ER may not be completed before the updated ER is received and deemed acceptable by the OEB. EPCOR has started work to update the ER, and construction timelines will not be impacted by this condition.

EPCOR has application for gas distribution rates and other charges for the period from January 1, 2019 to December 31, 2028 (EB-2018-0264), on May 21, 2019 the OEB issued Procedural Order No. 1. Enbridge Gas Inc., Industrial Gas Users Association, School Energy Coalition, Vulnerable Energy Consumers Coalition, Anwaatin Inc. and the Municipality of Kincardine, the Municipality of Arran-Elderslie and the Township of Huron-Kinloss (South Bruce Municipalities) applied for intervenor status. Written responses from EPCOR are required by July 5, 2019. Settlement conferences for this matter are scheduled in July 2019.

The Director of Public Works and CAO met Ryan Litwinow, of EPCOR on June 7. Mr. Litwinow indicated that EPCOR was working to respond to the interrogatory submissions and OEB Staff Submission. It was hoped that the LTC would be approved by the OEB by the end of June, with construction beginning in early July. EPCOR has begun site preparation activities and are laying down pipe so that they are ready to begin construction as soon as the LTC is approved by the OEB.

EPCOR is projecting to begin phase 1 of construction on the natural gas pipeline from Dornoch to the Bruce Energy Centre in Summer of 2019. The three construction phases are expected to continue until 2021 to bring the full system to service.
Attachments: EPCOR LTC Application; Notice of Hearing (OEB); Procedural Order No. 1 & 2 (OEB - LTC); OEB Staff Submission (June 3 & June 6, 2019); Procedural Order No. 1 (OEB - Rates); Southern Bruce Written Submission (BLG)