

November 7, 2022

The Ontario Energy Board grants Enbridge Gas Inc. leave to construct a natural gas pipeline in the Township of Dawn-Euphemia and St. Clair Township

DECISION

On November 3, 2022, the Ontario Energy Board (OEB) issued its [Decision and Order](#) granting Enbridge Gas Inc.'s (Enbridge) application for leave to construct a 20 km natural gas pipeline (Project) from its Dawn Operations Centre in the Township of Dawn-Euphemia to its Corunna Compressor Station in St. Clair Township. The Project will replace the equivalent capacity of seven compressors that Enbridge proposed to retire.

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

ABOUT THE PROJECT

Enbridge operates storage and transmission assets that include integrated underground natural gas storage at the Dawn Hub and throughout Ontario, as well as the Dawn Parkway System, which effectively connects the Dawn Hub to consuming markets in Ontario, Québec, the Maritimes and the U.S. Northeast.

The Dawn Hub is one of the largest natural gas market hubs in North America and consists of a combination of interconnecting natural gas pipelines and underground storage facilities. The Dawn Hub is an integrated storage system which includes the two main compression locations, the Dawn Operations Centre and the Corunna Compressor Station (CCS).

The CCS currently uses 11 natural gas fueled reciprocating compressor units to transport natural gas to and from underground storage facilities via the Dawn Operations Centre transmission pipelines for eventual use in Enbridge's downstream distribution networks.

Enbridge proposed to retire seven of these units due to unacceptable reliability, obsolescence and safety concerns that were informed and verified by technical studies and expert input. Enbridge proposed to build the Project in order to replace the system capacity and deliverability that is currently provided by the seven compressor units.

Enbridge submitted that the CCS is critical to satisfying design day demand¹ for the Enbridge Gas Distribution rate zone, and that the retirement of the seven compressor units cannot be managed effectively or economically without the replacement capacity provided by the Project.

CONSIDERATIONS

When determining whether a gas pipeline project is in the public interest, the OEB typically examines 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

INTERVENORS IN THE PROCEEDING

- Canadian Association of Energy and Pipeline Landowner Associations and its subcommittee, the Dawn Corunna Landowner Committee
- Canadian Manufacturers & Exporters
- Chippewas of Kettle and Stony Point First Nation and Southwind Corporate Development Inc.
- Three Fires Group²
- Energy Probe Research Foundation
- Environmental Defence
- Federation of Rental-housing Providers of Ontario
- Ontario Federation of Agriculture
- Pollution Probe
- School Energy Coalition
- TransCanada PipeLines Limited

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. 6-9*)

The OEB found that the Project is needed. While the majority of intervenors did not dispute the need to replace the compressors at the CCS, some raised a question of timing. Given that general and very specific risks have

¹ Enbridge designs and operates its system to ensure that it can provide reliable service to its customers on the coldest day of the year, which is referred to as the "design day".

² On July 21, 2022, the Chippewas of Kettle and Stony Point First Nation filed a letter stating that Caldwell First Nation had joined with them for the purposes of this proceeding and that their participation would continue under the name of Three Fires Group Inc.



been identified with respect to obsolescence, reliability and safety, the OEB found that the need to address this is now rather than to accept the risks associated with delaying the Project to a future date.

Project Alternatives (Section 3.2, pp. 10-15)

The OEB found that the assessment of alternatives was sufficient for the purpose of selecting the Project as the preferred option.

Several intervenors submitted that a more in-depth review of project alternatives, including electric compression and the applicability of the Integrated Resource Planning Framework, was in order.

The OEB noted that while electric compression may hold promise in future applications, it found that the orderly removal of the CCS compressors in question and replacing the compression with existing capacity at Dawn to be the most cost-effective approach to avoid potential reliability issues under these circumstances.

The OEB found that an Integrated Resource Planning assessment is not required in this case under the current Integrated Resource Planning [Framework](#).

Project Cost and Economics (Section 3.3, pp. 15-18)

The OEB found that the estimated cost of the Project (\$250.7 million) is reasonable in relation to the facility alternatives and a comparable pipeline project. The issue of the allocation of Project costs as between Enbridge's ratepayers and other entities that may benefit from the Project (such as gas storage companies and gas marketers) will be considered in Enbridge's 2024 rate-setting proceeding.

Environmental Impacts (Section 3.4, pp. 18-20)

The OEB found that Enbridge has conducted its environmental review and public consultation process in accordance with the OEB's [Environmental Guidelines](#). The Environmental Report and consultation records establish that Enbridge engaged appropriately with landowners and relevant provincial and federal agencies.

Route Map and Form of Landowner Agreements (Section 3.5, pp. 20-21)

The OEB accepted an agreement reached by Enbridge and the Canadian Association of Energy and Pipeline Landowner Associations and its subcommittee, the Dawn Corunna Landowner Committee, following settlement negotiations, and approved the forms of permanent Pipeline Easement Agreement and Temporary Land Use Agreement.

The OEB noted that similar forms of land use agreement have been approved by the OEB in the past and that it was satisfied that the two forms of agreement are appropriate in this proceeding.

Indigenous Consultation (Section 3.6, pp. 22-26)

The OEB found that, to the extent that the duty to consult has been triggered by the Project, it has been discharged sufficiently to allow the OEB to approve the Project. This finding was also supported by the Ontario Ministry of Energy's [Letter of Opinion](#) regarding the consultations undertaken by Enbridge.

The OEB noted that the consultation process requires a commitment to a meaningful process. In the OEB's opinion, a meaningful process had taken place. OEB further noted that there is no duty for the parties agree.



Conditions of Approval (Section 3.7, p. 26)

The OEB found that the standard conditions of approval are appropriate in this case.

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.

Contact Us

Media Inquiries

Phone: 416-544-5171

Email: oebmedia@oeb.ca

Consumer Inquiries

416-314-2455/1-877-632-2727

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.

