

OEB grants Enbridge approval to construct a natural gas pipeline in the Municipalities of Chatham Kent and Lakeshore (Panhandle System Expansion Project)

Today, the Ontario Energy Board (OEB) issued its Decision and Order granting Enbridge Gas Inc. (Enbridge) leave to construct approximately 19 kilometres of 36-inch diameter steel pipeline that will originate at Enbridge's existing Dover Transmission Station in the Municipality of Chatham Kent and tie into its existing pipeline at a new valve site station in the Municipality of Lakeshore (Project).

The OEB found that leave to construct the Project is in the public interest.

The OEB also approved the forms of agreement for permanent easement and temporary land use proposed by Enbridge.

ABOUT THE PROJECT

According to Enbridge, the Project is needed in response to increasing natural gas demand growth in the areas served by the Panhandle system. Enbridge is forecasting continued demand growth from commercial, industrial, and residential customers.

The Panhandle system is comprised of transmission pipelines to transport natural gas between Enbridge's Dawn Compressor Station, located in the Township of Dawn-Euphemia and the Ojibway Valve Site, located in the City of Windsor. The Panhandle system feeds distribution systems serving residential, commercial, and industrial markets in the municipalities of Dawn-Euphemia, St. Clair, Chatham-Kent, Windsor, Lakeshore, Leamington, Kingsville, Essex, Amherstburg, LaSalle, and Tecumseh.

According to Enbridge, there are currently two major pressure bottlenecks along the Panhandle system:

1. the NPS 20 Line between the Dover Transmission Station and the Comber Transmission Station
2. the pressure loss between the NPS 20 Line and the Leamington-Kingsville market

CONSIDERATIONS

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

1. Project Need
2. Project Alternatives
3. Project Cost and Economics
4. Environmental Impacts
5. Land Matters
6. Indigenous Consultation
7. Conditions of Approval

INTERVENORS IN THE PROCEEDING

- Association of Power Producers of Ontario
- Atura Power
- Middle Road Farms Limited and Courey Corporation (Joint intervention)
- Environmental Defence
- Energy Probe
- Federation of Rental-housing Providers of Ontario
- Industrial Gas Users Association
- Ontario Greenhouse Vegetable Growers
- Pollution Probe
- Three Fires Group
- School Energy Coalition
- Kitchener Utilities

OEB FINDINGS

A summary of the OEB's key findings follows.

Project Need (Section 3.1, pp.12-21)

The OEB found that Enbridge has demonstrated the need for the Project based on forecasted load growth in the large volume commercial greenhouse and power generation sectors that cannot be met by the existing Panhandle system.

Project Alternatives (Section 3.2, pp.21-46)

The OEB found the Project to be the best alternative to meet the forecasted demand growth on the Panhandle system for the period November 1, 2024 to the winter of 2028/2029.

Enbridge assessed a comprehensive list of alternatives to determine whether there was an economically viable alternative that would defer or avoid the need for the Project. The OEB found the evidence supports the conclusion that there is no viable alternative to meet the demonstrated need.

Future Pipeline Expansions in the Panhandle Region (Section 3.2, pp. 38-46)¹

The OEB noted that Enbridge has already signaled the potential need for another phase of expansion to meet future growth in the Panhandle region and has indicated that it will consider Integrated

¹ Dissent on Future Pipeline Expansions (pp. 42-46)

Resource Plan (IRP) alternatives to reduce, avoid, or defer the potential need for expansion of the Panhandle system in the future.

The OEB (by majority decision) found that, given the steps that Enbridge is already taking in this regard, it is unnecessary for the OEB to direct Enbridge to assess whether it recommends a proactive IRP plan for potential future phases of the Panhandle system expansion or to mandate that Enbridge proactively engage contract customers to identify potential energy efficiency opportunities.

Project Cost and Economics (Section 3.3, pp.47-85)²

The OEB found that the estimated capital cost of \$358 million for the Project is reasonable.

The OEB also found that the Project is a transmission pipeline and the three-stage economic test set out in E.B.O. 134 applies.

The OEB (by majority decision) further found the Project to be economically justified with no requirement for contributions in aid of construction.

Environmental Impacts (Section 3.4, pp.86-88)

The OEB found that Enbridge has completed its Environmental Report in accordance with the OEB's [Environmental Guidelines for the Location, Construction and Operation of Hydrocarbon Projects and Facilities in Ontario](#) (Environmental Guidelines).

Landowner Matters (Section 3.5, pp.89-90)

The OEB found that Enbridge has appropriately managed land-related matters. The OEB approved the forms of agreement for permanent easement and temporary land use proposed by Enbridge as they are consistent with those that have been previously approved by the OEB.

Indigenous Consultation (Section 3.6, pp. 91-93)

The OEB concluded that the duty to consult has been discharged sufficiently to allow it to grant leave to construct the Project. The OEB is satisfied that Enbridge has followed the OEB's Environmental Guidelines and has conducted a meaningful consultation with Indigenous communities. This finding is also supported by the Ministry of Energy's Letter of Opinion.

Conditions of Approval (Section 3.7, pp. 94-96)³

The OEB (by majority decision) determined that no additional conditions of approval are needed beyond those set out in the OEB's standard conditions of approval.

² Dissent on Project Economics (pp. 76-85)

³ Dissent on Proposed Additional Conditions of Approval (p. 95)

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.

Independence in the hearing and determination of matters is a key element of the OEB's mandate, established through legislative structures, the [Memorandum of Understanding](#)⁴ between the Minister of Energy and the Chair of the OEB, and by-laws that set out clear lines of communication between government and the OEB. Commissioner panels hear and determine matters independently, with legislative protections and other instruments to ensure decisions are free from interference by the Chief Executive Officer, the Board of Directors and government. This also includes the Chief Commissioner when not assigned to the specific case.

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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 decision; those may be found in the Decision and Order issued today, which is the official OEB document.

⁴ The MOU sets out the accountability relationship between the Minister of Energy and the Chair and Board of Directors of the OEB. It clarifies operational roles and responsibilities, and provides expectations for the operational, administrative, communications, financial, auditing and reporting arrangements between the OEB and the Ministry.