

September 21, 2023

## The Ontario Energy Board grants Enbridge Gas Inc. approval to construct the natural gas pipelines that comprise the Hidden Valley Community Expansion Project

### DECISION

On September 21, 2023, the Ontario Energy Board (OEB) issued its Decision and Order granting Enbridge Gas Inc.'s (Enbridge) application for leave to construct approximately 4 kilometers of natural gas pipeline and associated facilities (Project) in the Town of Hidden Valley and District of Muskoka. The OEB found the Project to be in the public interest, and approved Enbridge's application, subject to the OEB's [standard conditions of approval](#) for pipeline construction.

### ABOUT THE PROJECT

Enbridge filed an application for leave to construct a natural gas pipeline to serve the Town of Huntsville and District of Muskoka.

The Project, which will provide natural gas service to 130 residential customers, is one of 28 projects across 43 communities selected to be eligible to receive funding, as part of the Ontario Government's Phase 2 Natural Gas Expansion Program (NGEP).<sup>1</sup>

The NGEP provides funding to Ontario natural gas distributors to support the expansion of natural gas to communities that are not currently connected to the natural gas system. NGEP funding is designed to make projects, which would otherwise be uneconomic, economic based on the OEB's methodology.<sup>2</sup>

### INTERVENORS IN THE PROCEEDING

The following were granted intervenor status in the proceeding:

- Environmental Defence
- Pollution Probe

### CONSIDERATIONS AND FINDINGS

In determining that the Project was in the public interest, and in accordance with the OEB's standard [Leave to Construct Issues List](#), the OEB considered the following factors:

1. Need for the Project
2. Project Alternatives
3. Project Cost and Economics

<sup>1</sup> Ontario Regulation 24/19: Expansion of Natural Gas Distribution Systems, under Ontario Energy Board Act, 1998, S.O. 1998, c. 15 Sched B, current June 8, 2021

<sup>2</sup> E.B.O. 188

4. Environmental Impacts
5. Route Map and Form of Landowner Agreements
6. Indigenous Consultation
7. Conditions of Approval

#### **Need for the Project** *(Section 3.1, pp. 7-13)*

The OEB found that Enbridge has established the need for the Project. The OEB accepted Enbridge's customer forecast for the Project, which supports the need.

#### **Proposed Facilities and Alternatives** *(Section 3.2, pp. 13-14)*

The OEB found that the Project is the best alternative to meet the need. The OEB noted that to meet the Ontario Government's NGEP objective of bringing service to unserved communities, consideration of Integration Resource Planning options are not required for NGEP approved projects.

#### **Project Cost and Economics** *(Section 3.3, pp. 14-20)*

##### Project Costs

The OEB found that the updated total estimated cost of the Project is reasonable in light of the forecast revenues for the Project.

##### Economics

The OEB accepted Enbridge's customer forecast and associated revenues and is satisfied that, with support from NGEP funding as well as the System Expansion Surcharge (SES), the project will be economic.

The OEB noted that existing customers are protected from potential revenue shortfalls based on the application of a 10-year rate stability period in which Enbridge is responsible for any shortfall in revenues relative to the forecast. This provides insulation against possible under achievement of its customer sign-up estimates or projected natural gas consumption.

In the first major rate application following the expiration of the rate stability period, the OEB will review the actual project costs and revenues and determine what amounts should be recognized in rates. The OEB further noted that Enbridge is not guaranteed total cost recovery.

#### **Environmental Impacts** *(Section 3.4, pp. 20-22)*

The OEB found that Enbridge completed the Environmental Report in accordance with the OEB's Environmental Guidelines and committed to implementing the mitigation measures set out in the Environmental Report and to complete the Environmental Protection Plan prior to the start of construction. The OEB also noted that the Standard Conditions of Approval for leave to construct require Enbridge to obtain all necessary approvals, permits, licences, and certificates needed to construct, operate and maintain the proposed Project.

#### **Route Map and Form of Landowner Agreements** *(Section 3.5, p. 23)*

The OEB approved the forms of permanent easement and temporary land use agreements as proposed by Enbridge.

#### **Indigenous Consultation** *(Section 3.6, pp. 23-25)*

The OEB was satisfied that Enbridge followed the OEB's Environmental Guidelines with respect to Indigenous consultation and found that the duty to consult has been adequately discharged. The OEB noted that the Ministry of Energy provided a Letter of Opinion stating that it is satisfied that Enbridge's efforts to date are satisfactory to discharge the Crown's duty to consult with respect to the Project.

**Conditions of Approval** (*Section 3.7, p. 25*)

The OEB approved the Project subject to Enbridge's compliance with the Conditions of Approval attached as Schedule A to its Decision.

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