

Enbridge Gas Feedback on the Phase Two of the Natural Gas Expansion Program

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About Enbridge Gas Inc.

Enbridge Gas is Canada's largest natural gas storage, transmission and distribution company based in Ontario, with more than 170 years of service to customers. The distribution business provides safe, affordable, reliable energy to about 3.8 million homes, businesses and industries and is leading the transition to a clean energy future through net-zero emissions targets and investments in innovative low-carbon energy solutions. The storage and transmission business offers a variety of storage and transportation services to customers at the Dawn Hub, the largest integrated underground storage facility in Canada and one of the largest in North America. Enbridge Gas is owned by Enbridge Inc., a Canadian-based leader in energy transportation and distribution. Learn more at enbridgegas.com.

Introduction

Enbridge Gas appreciates the Government of Ontario's continued support for the Natural Gas Expansion Program (NGEP) that offers critical financial support without which connecting these communities would not be economical. With these investments, families and businesses in these areas will be able to have lower energy bills which are more necessary now than ever to help bring back Ontario's economy. We appreciate having the opportunity to show our support for such needed investments.

With Enbridge Gas' long history, anchored in our commitment to operational excellence and strong safety performance, we are well positioned to bring natural gas to new communities so they can benefit from this safe, reliable and affordable energy source. Natural gas is the most affordable way to heat your home and water. It's also the most affordable way to run major appliances like stoves, clothes dryers and barbecues. This will help businesses in your community be more competitive as well as attract new businesses, creating and supporting direct and indirect local jobs.

Natural Gas Expansion Phase One

Under Phase One of the NGEP, Enbridge Gas connected many communities to reliable, affordable natural gas. These communities will see between a 10% - 50% reduction in their home and business heating costs. Phase One has been a success to date with the following projects already in service and natural gas flowing to at least the first customers:

- Chatham-Kent Rural Project
- Chippewas of The Thames First Nation
- Scugog Island
- Northshore & Peninsula Road in North Bay
- Saugeen First Nation Project

While the primary focus of these projects is to deliver reliable, affordable natural gas service to residential customers, the Chatham-Kent Rural Project also provides a model for economic development success. This project supports the fast-growing agricultural, commercial and industrial market demand in Chatham-Kent and surrounding areas, including fast-growing greenhouse market. This total project investment of \$19 M is expected to create ~1,400 jobs and unlock ~\$260 M of private sector investment through a partnership between Ontario (\$8M), Enbridge Gas (\$10.5M) and the Municipality of Chatham Kent (\$500K). The project was selected in March 2019, constructed in the summer/fall, and was in-service by November 2019. These investments are needed support industry in the region and bring with them energy savings, construction jobs and private sector investment.

Natural Gas Expansion Phase Two

Enbridge Gas is pleased to report on the progress it has made in working with rural, Indigenous and northern communities in developing the many proposals for Phase Two of the NGEP. Communities across Ontario have shown strong support for natural gas expansion and the economic boon it provides to these regions. This is evidenced by the municipal interest in Phase Two of the NGEP vastly outweighing allocated funding. Enbridge Gas alone has submitted 207 proposals to the Phase Two process.

Access to reliable, affordable natural gas lowers energy bills for families and helps Ontario businesses compete by driving expansion and lowering business costs. Phase Two of the NGEF will create jobs during this difficult time when communities need it most, while lowering energy bills for Ontario residents and businesses. This will allow businesses to expand and hire more staff or just spend money where they need it most instead of on high energy bills.

Natural gas could have a particularly positive impact in communities where businesses have expressed a strong interest in accessing natural gas because it is affordable, reliable and efficient. Large and small businesses save up to 30% each year on space and water heating when making the switch, with even greater savings when you switch more equipment to natural gas. Now more than ever government investments should focus on initiatives that make the lives of residents and business owners better and while these investments are creating jobs they are also lowering energy bills.

Enbridge Gas' proposals for Phase Two also included four economic development projects that were modeled on the successful Chatham-Kent Rural Project which is already in-service. Enbridge Gas held an Expression of Interest process in the Niagara, Haldimand-Dunnville, Haldimand-Nanticoke and Hamilton regions where customers signaled demand for potential capacity expansion projects by submitting "bids" articulating their demand and possible job and investment impacts. Bidders indicated that if these projects were to proceed, they would be investing \$1.75 billion in development at their sites and their investments would support the creation of over 8,000 direct jobs and 6,000 indirect jobs.

Economic Recovery

Right now, priorities need to be on helping to create jobs so people are able to provide for their families. Helping businesses lower overhead costs will allow them to put that money to better use, such as through business expansion that would allow them to hire more people. Ontario's energy sector is ready to deliver "shovel ready" projects to support residential and business customers and to help Ontario's overall economic recovery.

Economic recovery efforts are needed across the province. Providing communities with access to safe, reliable and affordable natural gas will allow businesses to save on heating costs while also creating local jobs and stimulating private investment to make these communities more competitive for businesses.

Smart, timely investments in natural gas projects are one way Ontario can make a real impact on local communities and help provide cost savings to businesses that are desperately needed.

Leave to Construct

Enbridge is currently putting forward comments on the Environmental Registry Posting 019-3041 and appreciates the opportunity to comment on the proposal to increase the Leave to Construct (LTC) financial threshold. Enbridge is supportive of the Government's proposal to revise the over 25-year-old LTC financial threshold from \$2 million to at least \$10 million. Enbridge also believes that the Government should increase the threshold for pipe size from NPS 12 to NPS 16 with a corresponding increase in operating pressure (2,000 to 3,600 kPA). This threshold review comes at a positive time to help support investments and customer connections in time for NGEF Phase Two project selection this year. To highlight the impact of this change, over 100 of Enbridge Gas' Phase Two community expansion project proposals fall below the proposed \$10 million threshold. Although not all will be picked for funding, revising the threshold would allow communities chosen to be connected faster. Continuing with the current LTC thresholds could delay customer connections by over 6-8 months.

Helping Ontario transition to a clean energy future

Every time Enbridge Gas brings natural gas to a new community, we are helping Ontario transition to a clean energy future. Since natural gas is the cleanest burning fossil fuel, customers converting from propane and oil drive a significant reduction in emissions. Natural gas in home heating has approximately 33% lower emissions when compared with heating oil and approximately 20% lower emissions when compared with propane, in addition to the cost savings associated with making the switch.

Enbridge Gas is also working to drive the transition to a clean energy future by investing in low-carbon technologies across multiple markets, from residential to industrial and transportation, that improve energy efficiency and lower emissions. For example, Enbridge Gas' Voluntary Renewable Natural Gas Program OptUp enables customer choice on supporting the transition to clean energy through a small monthly contribution of \$2 to help offset the increased costs of acquiring carbon-neutral renewable natural gas. This program builds on a commitment in the Made in Ontario Environment Plan of moving towards the government's goal of reducing emissions by 30% below 2005 levels by 2030.

Contact

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