

Enbridge Gas Feedback on Modernizing OEB's Leave-To-Construct (LTC) Threshold

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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 175 years of service to customers. The distribution business provides safe, affordable, reliable energy to about 3.9 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. With the recently announced acquisition of three gas utilities serving customers in five US states, Enbridge will own and operate the largest gas utility franchise in North America. 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 www.enbridgegas.com.



Introduction

Enbridge Gas Inc. (Enbridge) remains committed to working with the Government of Ontario (the Government) on common priorities to support building homes and transit faster and support electrification by allowing certain energy projects to be fast-tracked through the leave-to-construct (LTC) process under the *Ontario Energy Board Act, 1998* (OEBA).

Enbridge supports the Government's overall direction in modernizing the LTC process and welcomes the opportunity to advance the next steps which would help the Government achieve its objectives of building 1.5 million homes, expanding transit, reducing red tape, and lowering cost of access to the affordable, reliable, and resilient natural gas system, which could be leveraged to deliver the low carbon fuels of the future.

Benefits of Enabling Fast-Tracked LTC Process

Enbridge projects often support transit projects or connect residential and business properties, including projects of strategic economic importance to Ontario such as industries seeking to support Ontario's *Driving Prosperity* strategy. The Government's proposal to amend the LTC requirement under the OEBA (and to prescribe conditions for LTC exemption through regulation) supports Ontario's commitments to reduce regulatory burden, streamlines access to a reliable and cost-effective energy supply, maintains Ontario's competitive advantage with other jurisdictions, and preserves existing opportunities for Indigenous communities to be consulted and for the Ontario Energy Board (OEB) to consider the discharge of the Crown's duty to consult (DTC).

Enbridge believes that the proposed amendments would reduce associated costs borne by the OEB, natural gas ratepayers, and pipeline project proponents while continuing to meet Indigenous consultation and environmental assessment requirements. In addition, it will facilitate the efficient and cost-effective completion of priority infrastructure projects in Ontario while mitigating impacts of delays and increased costs for pipeline projects including transit, community expansion, and housing development. Enbridge supports changes which align exemptions for pipeline LTC with those available for electricity projects and reduce costs for ratepayers.

Based on the current hydrocarbon LTC process and the OEB's performance standards, this proposal could save about half of the typical 5-7 months of regulatory process per complex project valued between \$2 million and \$10 million. Some regulatory process would be required for the OEB to review and determine the exemption application, thereby reducing (but not eliminating) the current LTC timeline. The cost of preparing and having an LTC application hearing by the OEB currently ranges from \$50,000 to \$200,000, including OEB costs, intervenors' costs, and legal costs passed on to customers, which would be reduced accordingly with an expedited process. In addition to the direct regulatory costs, there are significant indirect costs borne by customers and communities that require service and where the delay to the planned pipeline impacts their projects timelines, costs and ultimately their local economic impact.

Moreover, the \$2 million cost threshold has become outdated given the growing costs associated with pipeline projects, including inflation, over the past 20 years since that threshold was established. The proposed exemption route for projects valued between \$2 million and \$10 million will more closely align with other Canadian jurisdictions (e.g., in British Columbia, where thresholds are \$15 million for electricity and \$20 million for natural gas).

Enbridge wholly supports the Government's proposed changes which will streamline the LTC process, bolster Ontario's economic development, and improve the delivery of energy choices for more homes and businesses. Enbridge agrees with the proposal of maintaining Indigenous consultation and environmental review for projects between \$2 million and \$10 million and agrees that projects will not be exempt from an



LTC unless consultation is deemed to be adequate. Enbridge will still be filing an Environmental Report and an Indigenous Consultation Report (if required) with Ministry of Energy for this determination to be made. Accordingly, this proposal will not negatively impact an Indigenous community's ability to be consulted on a project. However, if Indigenous consultation is deemed to be inadequate, Enbridge understands that an exemption from LTC will not be granted. Either way, Enbridge will continue to engage with Indigenous groups throughout the project lifecycle.

With respect to the Government's proposal to "address transition issues... for those LTC applications that are in progress", Enbridge Gas believes that projects currently in flight in the regulatory process should also be eligible to benefit from an expedited and streamlined approval process. This can be achieved if the amendments allow the proponent to opt into the LTC exemption process for eligible projects, such that the OEB would suspend in-flight LTC applications and make determinations regarding the discharge of DTC for a project based on relevant evidence on the record.

In order to assure regulatory certainty in the OEB LTC process and for future projects in Ontario, Enbridge recommends a 5-year review of the LTC framework (including the cost threshold and, if adopted, the exemption process) to determine if the framework requires further adjustment based on evolving economic and contingent factors. This review should also consider if the amendments are achieving the desired outcomes of reducing costs and LTC timelines. This will allow for an adaptive approach to modernization that aligns with and supports Ontario's commitments to reduce regulatory burden, provide a reliable and cost-effective energy supply, and preserve existing opportunities for Indigenous communities to be consulted.

Enbridge is aware that organizations such as the Western Ontario Warden's Caucus (WOWC), Eastern Ontario Wardens' Caucus (EOWC) and municipalities have passed resolutions calling for the LTC cost threshold to be raised to \$15M or \$20M. Enbridge would be in support should the Government elect, for example, to fully align the threshold level with other jurisdictions, such as British Columbia.

Conclusion

Enbridge supports the Ministry of Energy and the Government of Ontario's efforts to advance the proposed amendments and advocates that they come into effect immediately. Enbridge remains steadfast in our commitment to collaborating with the Government to help deliver priority projects such as the natural gas expansion program, transit projects, and construction of 1.5 million homes by 2031.

If you have any questions or require additional information, please do not hesitate to contact Abel Kome, Government Affairs Specialist (abel.kome@enbridge.com).