

January 31, 2020

Via RESS and Courier

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

**Attention: Ms. Christine E. Long
Registrar and Board Secretary**

Dear Ms. Long:

**Re: Participation in Ontario Energy Board ("Board" or "OEB") Proceeding Regarding
Potential Projects to Expand Access to Natural Gas Distribution
File Number: EB-2019-0255 ("Proceeding")**

1. Certarus writes to respectfully request it be permitted to participate in this Proceeding.
2. Certarus apologizes for this late notice but for the reasons outlined below, respectfully submits that being permitted to participate at this point in Proceeding will not prejudice any party and hopefully, could benefit the Board in its understanding of the supply options available to expand access to natural gas distribution in Northern Ontario and their impact upon project feasibility.

Procedural Submissions

3. Certarus respectfully submits that the following considerations warrant late admission as a participant in this Proceeding:
 - (a) The Proceeding is policy-oriented and designed to consider how best to facilitate expanded access to natural gas distribution;
 - Certarus can provide information on real gas supply options available in Northern Ontario today;
 - (b) This late intervention should not prejudice any parties to this Proceeding;
 - No specific project proposals are under discussion;

- (c) The nature of the guidelines appear to focus primarily on the local distribution infrastructure as opposed to the means by which the gas supply may be delivered;
 - Certarus submits that the source of the gas supply may have a material impact on project feasibility since the gas supply costs will influence the delivered cost of gas to customers thereby affecting the penetration rate of natural gas in relatively remote communities;
 - (d) Certarus has no interest in owning or operating local distribution facilities but does wish to ensure its compressed natural gas ("CNG") service options are fairly considered in the formulation of specific project proposals;
 - For this reason, Certarus has no submissions to make regarding the certification of local distribution facilities *per se*;
 - (e) A CNG supply option or options can promote gas supply competition and enhance system reliability, encouraging maximum customer take-up of natural gas as an alternative fuel in underserved areas of Northern Ontario, thereby furthering the objectives outlined in the Minister's December 12, 2019 letter;
 - It is not clear how the choice of supply source or technology is factored into the review, though it materially affects the overall delivered cost of natural gas;
 - (f) Certarus' CNG service is available today without any potential risk or delay associated with the financing and construction of greenfield gas supply infrastructure located upstream of any new municipal gas distribution system;
 - CNG is uniquely positioned, therefore, to meet the Minister's timeline without risk or delay;
 - (g) As the proceeding is at an early stage, the information Certarus wishes to provide could benefit the Board and all parties without disrupting or delaying the process;
 - (h) Certarus' contribution is not focused on the Guidelines *per se*; rather, it provides background on available gas supply options which may influence the feasibility of future projects and the pace at which customers in Northern Ontario elect to convert to the natural gas option; and
 - (i) Certarus does not seek to recover costs for its participation in this proceeding.
4. On the basis of the foregoing, Certarus respectfully submits that it would be in the public interest to grant the late participant status and to receive, as part of the record, this Certarus submission.

Statement of Interest and Overview of Capabilities

5. Certarus is a leader in providing proven, fully-integrated compressed natural gas ("CNG") solutions for the North American market. Certarus' primary business is the creation of a "Virtual Natural Gas Pipeline" through the compression, transportation and integration of CNG for municipal distribution in remote communities, micro-grids, power generation, energy services, mining, forestry and industrial sectors.
6. Certarus is already providing CNG to industrial customers in Northern Ontario from its terminals in Timmins and Red Rock (near Thunder Bay). Certarus also has demonstrated experience in working, for some time, with municipal distribution utilities in Alberta and British Columbia. It is ideally-situated, therefore, to be the natural gas supplier of choice to municipal, commercial, institutional, and industrial customers as distribution systems in Northern Ontario expand.
7. Certarus provides turnkey solutions that include compression, odourization, transportation, storage and decompression. Its "virtual pipeline" model is simple: after compression and odourization at one of Certarus' terminals, CNG is loaded into one of the highest pressure, highest volume trailer mounted units available (up to 520 mcf per load) and transported to the connection point. The CNG trailers provide on-site storage and connect directly into the distribution systems to deliver natural gas at the pressure and temperature specified by the system operator. No additional storage, odourization, or depressurization facilities are required.
8. A detailed summary of Certarus' services is attached at Appendix 1 to this letter.
9. Unlike many energy supply alternatives such as liquefied natural gas ("LNG"), Certarus' CNG does not require the construction of new high-pressure transmission pipeline connections and greenfield liquefaction terminals and on-site re-gasification and odourization facilities necessary to render LNG usable to distribution systems. As a result, Certarus' offerings significantly reduce the need for upfront capital investment, typically requiring only a simple, standard interconnection to the distribution system
10. Certarus can provide a flexible, reliable natural gas supply without requiring customers to backstop the risks and potential delay associated with the financing and construction of expensive new gas supply-related facilities.
11. The Certarus CNG service is available today and is ready to provide gas supply to any new municipal distribution utilities or direct purchase customers as soon as their facilities are available to receive gas supply.
12. Certarus' CNG service offerings are also cost-effective: in a recent Northern Ontario project, Certarus calculated its all-in delivered cost of gas at 15% to 20% lower than the LNG alternative. In addition, Certarus noted there was no contractual requirement for customers to also backstop gas supply project development risks.

13. Upon agreement of appropriate commercial terms, Certarus can provide commodity sales or tolling arrangements, both over the short-term and long-term.
14. As outlined above, the nature of Certarus' CNG service offerings are well-positioned to respond to the unique challenges of expanding natural gas distribution in Northern Ontario. For the purposes of the OEB's information collection and in order to inform the nature and extent of the Government of Ontario's potential financial support, Certarus' CNG offerings provide the following benefits for expanding Northern Ontario distribution systems:
 - (a) No investment or construction risks associated with development of new high-pressure transmission pipeline interconnection or compression terminals, combined with the ability to connect to any available connection on existing laterals;
 - (b) Simple, low-cost connection distribution systems: Certarus' CNG trailer mounted units can deliver gas directly into distribution systems at the pressure and temperature specified by the system operator, avoiding the need for liquefaction, regasification and odourization facilities and related gas supply facilities;
 - (c) Lower fixed and operational costs: Certarus' delivered CNG price includes transportation, on-site storage, odorant and decompression using some of the highest pressure, highest volume trailer systems available (up to 520 mcf per load);
 - (d) Upfront and long-term cost and scheduling certainty for greenfield projects;
 - (e) Supply flexibility for communities during early stages of conversion to natural gas or for communities where populations are seasonal, uncertain, or in flux;
 - (f) Certarus CNG supply service is available now, avoiding potential project financing or construction delays. This provides project proponents and their customers with certainty of timely supply to meet their needs while avoiding the need to backstop gas supply facilities development risks;
 - (g) Limited operational risk, given Certarus' breadth of experience and presence of two operational terminals in Northern Ontario; and,
 - (h) Highly competitive and cost-effective delivery options that include transportation and on-site storage and avoid gas shrinkage costs associated with some liquefaction and re-gasification processes.
15. In light of the foregoing, Certarus would encourage the Board to recognize it as a key supplier with a long-term interest in the development of natural gas distribution systems in Northern Ontario. Broader awareness of Certarus' CNG offerings stands to maximize the impact of the Ontario government's financial support for natural gas expansion by minimizing delay, enhancing reliability, creating customer choice, and providing low-cost gas supply options. Reducing cost and reducing risk of new natural gas supply benefits

potential gas customers and enhances the prospects for successful gas penetration of these new markets.

Nature of Certarus' Participation

16. Certarus requests the right to participate in all aspects of the above-noted Proceeding to the extent provided to participants by the Board. Subject to the board accepting this submission, Certarus accepts the record and procedural schedule as it presently exists.
17. Certarus does not seek a cost award.
18. Certarus requests that all written evidence, communication, pre-filed materials and other materials filed in respect of the noted proceeding be directed to:

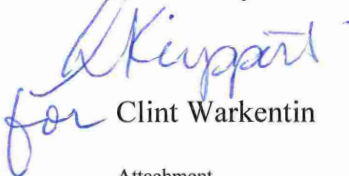
Clint Warkentin
Chief Financial Officer
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Calgary, AB T2P 3E7
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E-mail: cwarkentin@certarus.com

and

L.E. Smith, Q.C.
Bennett Jones LLP
4500 Bankers Hall East
855 – 2nd Street SW
Calgary, AB T2P 4K7
Tel: (403) 298-3315
Fax: (403) 265-7219
E-mail: smithl@bennettjones.com

19. If you have any questions regarding this request, please contact the undersigned at the coordinates above.

Yours truly,


for Clint Warkentin

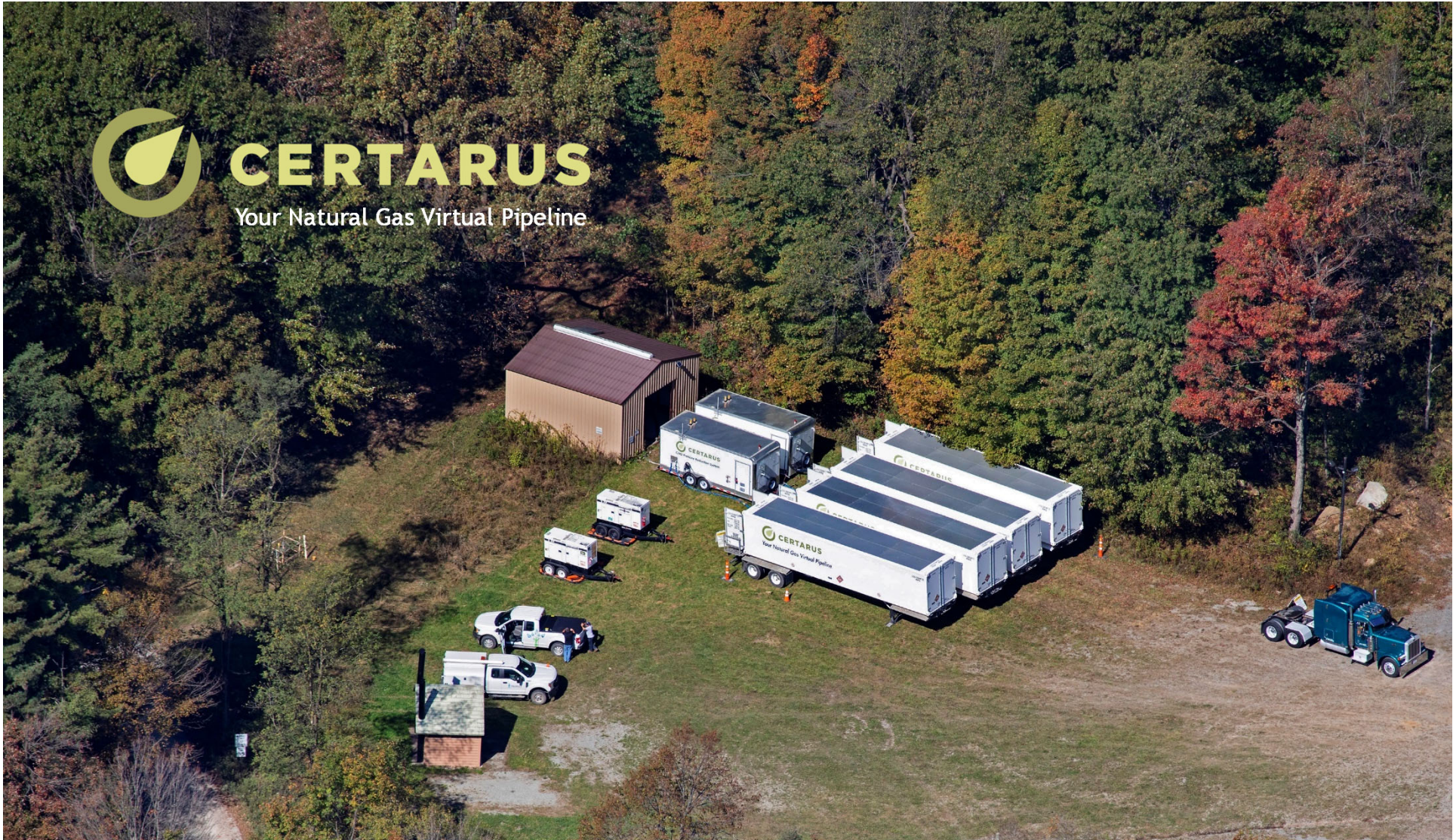
Attachment

cc: L.E. Smith, Q.C., Bennett Jones LLP

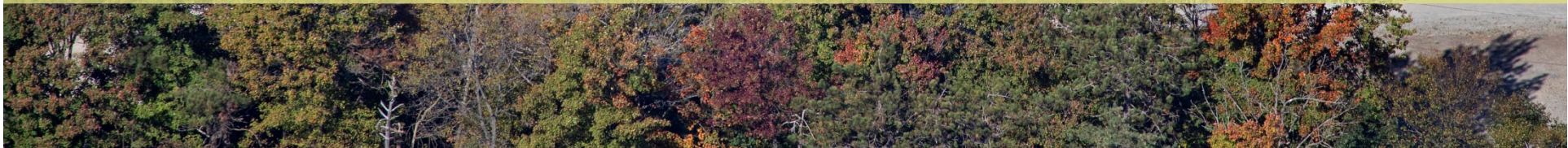


CERTARUS

Your Natural Gas Virtual Pipeline



Certarus Proven Large Scale CNG Platform for Remote Community and Industrial Natural Gas Supply



Certarus – A North American Success Story



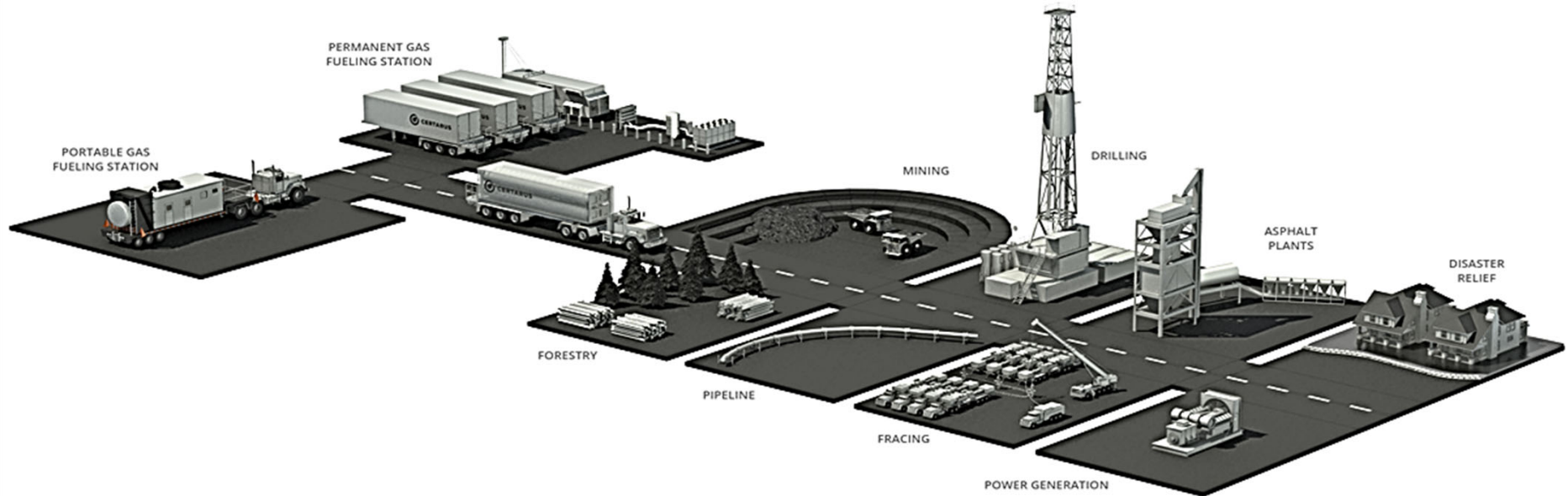
Certarus is the North American Market Leader in Bulk Compressed Natural Gas (CNG) Delivery

\$400 MM
Cumulative Invested Capital 2019(f)

100,000+ Loads
Safely Delivered CNG ⁽¹⁾

10 Bcf
Delivered CNG 2019(f)

Certarus Proprietary CNG Distribution Platform



Certarus – Integrated Value Chain



Sourcing & Compression



Transportation & Distribution



Site Delivery & Decompression



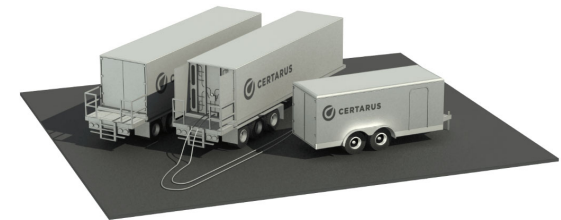
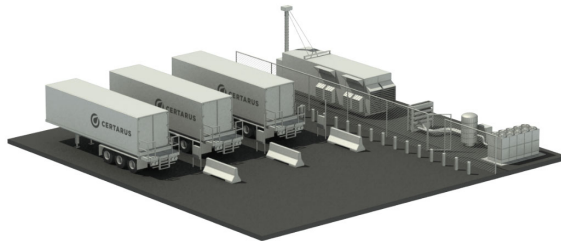
Monitoring & Logistics

(1) CNG loads safely delivered from 2014 to 2019(f)

Proven Fully Integrated CNG Platform



- Certarus' proprietary CNG platform has been specifically designed and engineered for high pressure, high volume remote communities, commercial and industrial based applications



COMPRESSION

- **16 Fixed Site Compression Hubs**
- **15 Mobile Compressors**
- Capacity up to 16.0 mmcf/d/Hub
- Up to 475,000 DEL/d/Hub or 125,000 DGE
- Rapid fill design (< 1 hour per CNG Trailer)
- Unmanned platform
- Engineered & constructed by Certarus

Proprietary Compression Platform

TRANSPORTATION

- **450 Total CNG Trailers**
- Composite & Steel design
- Capacity of up to 520 mcf per trailer
- Up to 15,000 DEL per load / 4,000 DGE
- Ability to spot fill at multiple CNG Hubs
- Fleet of company owned tractors

Largest CNG Transport Fleet in N.A.

GAS DELIVERY & DECANTING

- **330 Pressure Reduction Units (PRS)**
- **6 Field Gas Processing Units**
- Custom gas delivery specification (°C & PSI)
- Simple and inexpensive connection into delivery points (including LDC systems)
- Unmanned delivery platform
- Engineered & constructed by Certarus

Proprietary Gas Delivery Design



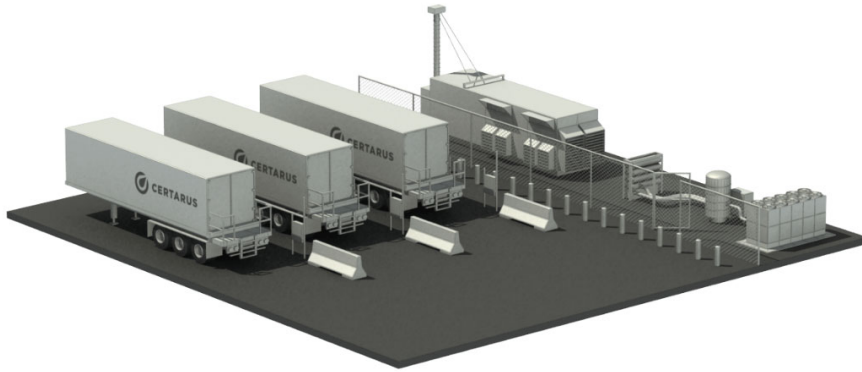
PROPRIETARY REMOTE MONITORING & SUPPLY CHAIN LOGISTICS

Certarus Bulk CNG Hubs (*Portable and Permanent*)

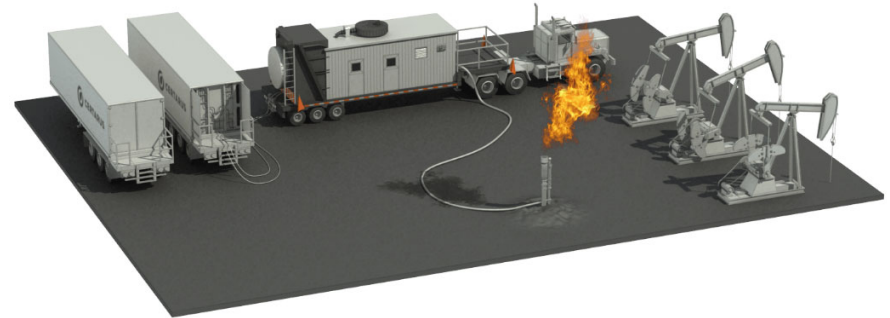


- Certarus CNG Compression hubs are located off of major highways in regions with multiple large volume consumers of diesel and propane
- Standard compression hub size of up to 16 mmcf/d; capable of displacing up to 475,000 liters / 125,000 gallons of diesel per day
- Targeted CNG transport and delivery distance of < 450 kms or 280 miles from compression hub

Certarus Permanent CNG Facility



Certarus Rapid Deployment Portable CNG Hub

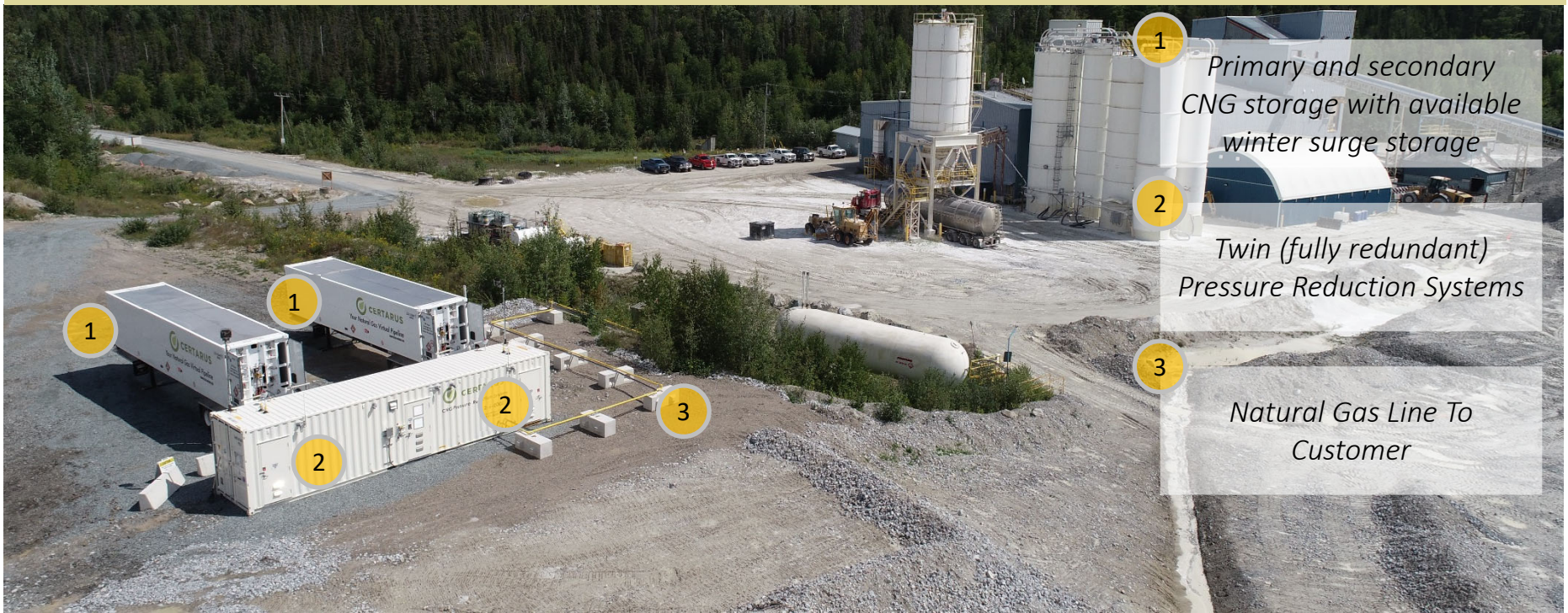


Certarus CNG Transport, Storage and Decompression



- **Certarus transports CNG in some of the highest pressure, highest volume transport trailer systems available**
 - Large volume, composite tubes with an operating pressure of up to 4,200 PSI
 - Capable of transporting up to 520 mcf per load (15,000 DEL or 4,000 DGE)
- **Certarus has designed a Pressure Reduction System (“PRS”) specific for cold and hot weather gas depressurization**
 - Trailer and skid mounted units capable of delivering gas at specific pressures and temperature to multiple consumers at once
 - Remote monitoring allows for real time information; ability to operate and decant (depressurize)
 - Fully redundant set-up to provide a high level of reliability onsite

Certarus CNG Set-up with Fully Redundant Pressure Reduction System

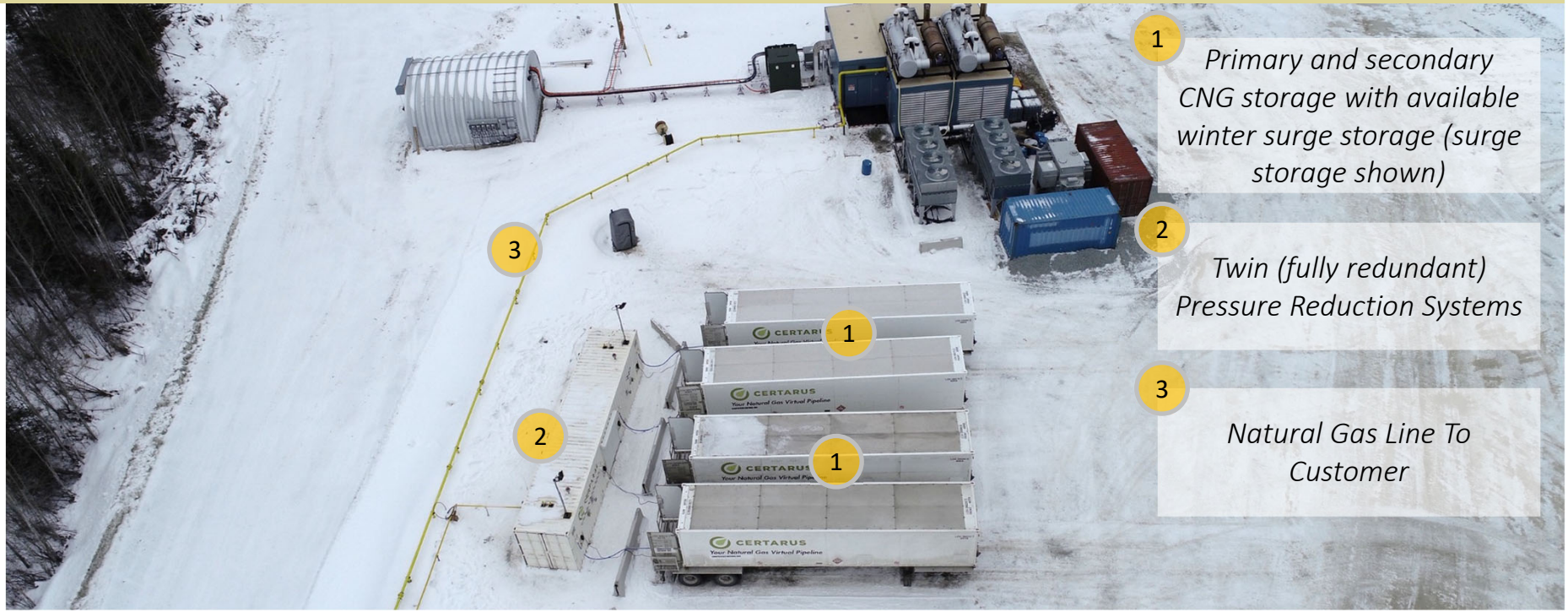


Certarus CNG Expandable Storage Onsite



- **Certarus can scale up client site storage from 1 to 5 days within a day**
 - Ability to use fleet of +450 trailers to provide additional storage when required
 - Mitigation for coldest days and road closures
- **CNG can be used together with other fuel solutions when 6 to 10 days of storage are requested**
 - Certarus can source and provide a turnkey solution
 - CNG as a virtual pipeline providing lower cost primary supply
 - Alternative fuel (including LNG) as the larger volume storage solution

Certarus CNG Set-up with Fully Redundant Pressure Reduction System

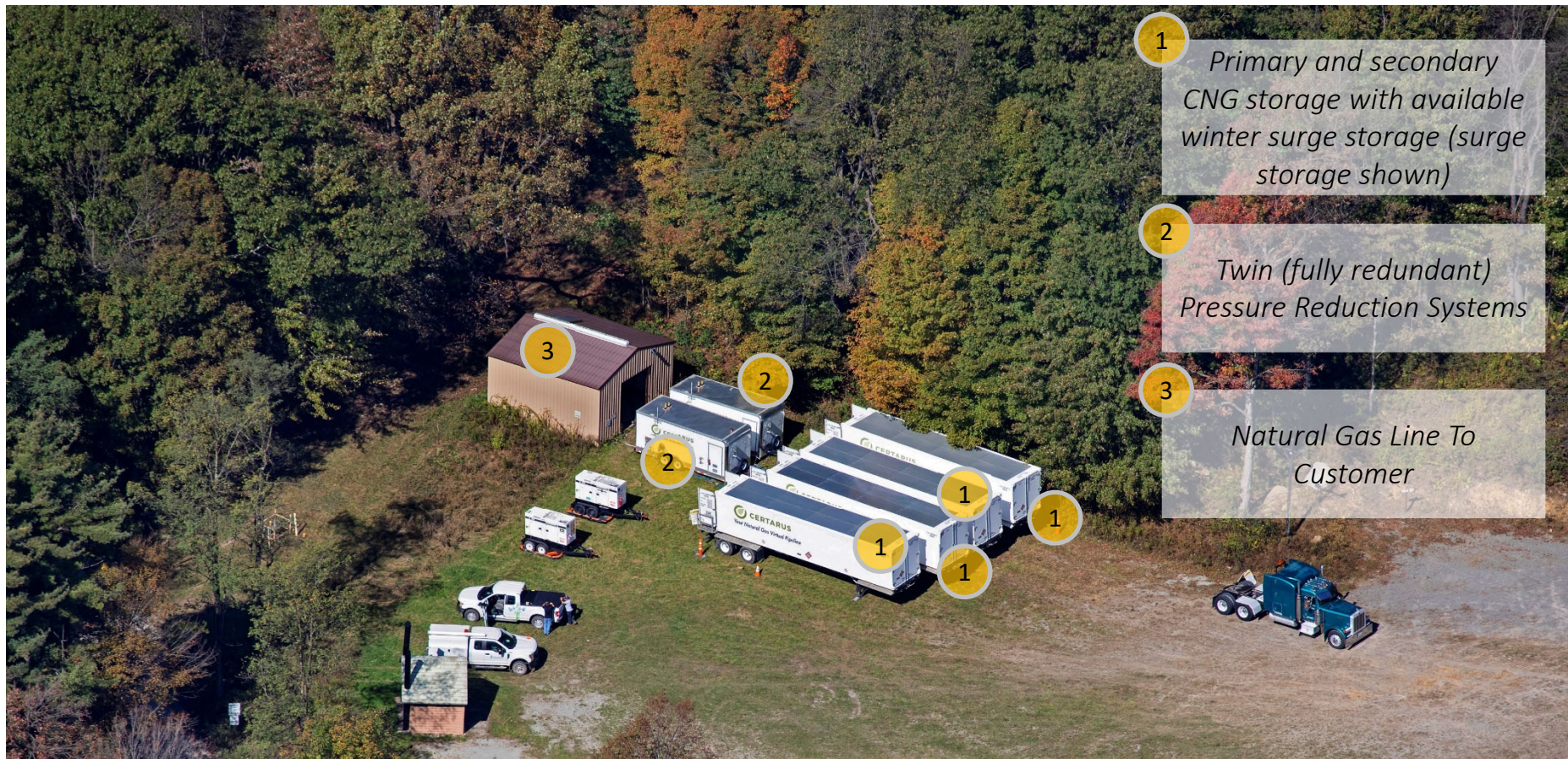


Certarus CNG Expandable Storage In Remote Communities



- Certarus has extensive experience supplying communities across North America with temporary and permanent natural gas supply. Given our existing asset base, coupled with available capital resources, Certarus will right size CNG storage and supply to community demands

Certarus CNG Set-up with Fully Redundant Pressure Reduction System



Proven Experience Supplying High Volume Locations



- Each photo below, of an existing Certarus active operation, is larger by itself, than the total expected flow of any community in Northern Ontario
- Certarus CNG has the experience and assets to support these communities.

3,150 GJs Per Day



4,120 GJs Per Day



2,870 GJs Per Day



2,935 GJs Per Day



4,800 GJs Per Day



4,260 GJs Per Day

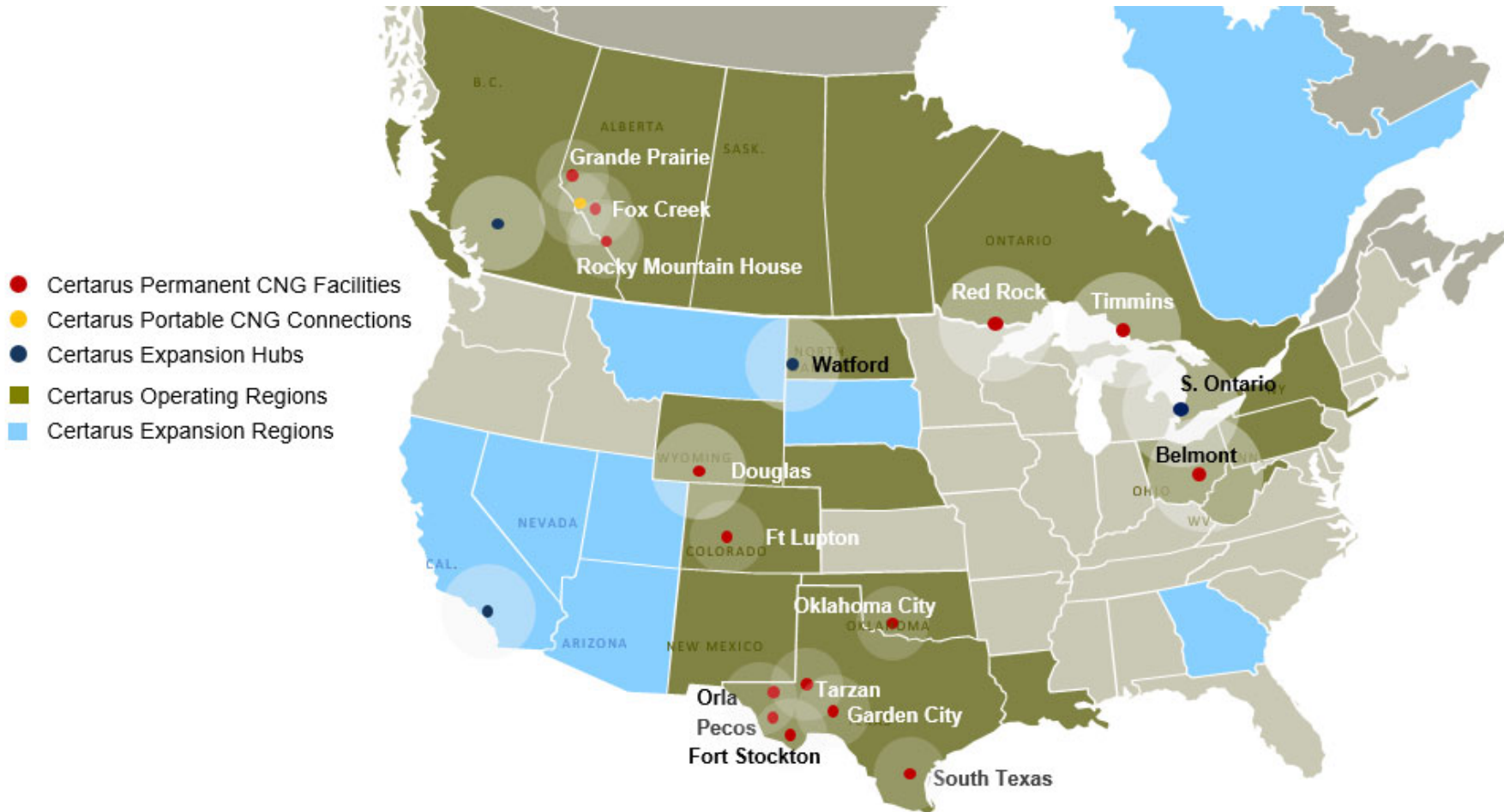


Proven Certarus Platform Across North America



- Certarus' integrated bulk CNG platform provides consistent, reliable and economic compressed natural gas solutions to remote communities, industrial and commercial users across North America

Reliable North American Reach



Enabling a Cleaner Burning and Stronger Economic Future



- Certarus is positioned to help its customers and the communities it serves succeed into the future

Macro Trends & Certarus Tailwinds



Global Trend Toward Electrification



Abundance of Cheap Clean Natural Gas



Pipeline & Power Infrastructure Inefficiencies



Mandate to Decrease Carbon Footprint (ESG)

Markets & Industries Impacted



OIL & GAS



MINING



DISASTER RELIEF



POWER GENERATION



PIPELINE



ASPHALT PLANTS



FORESTRY

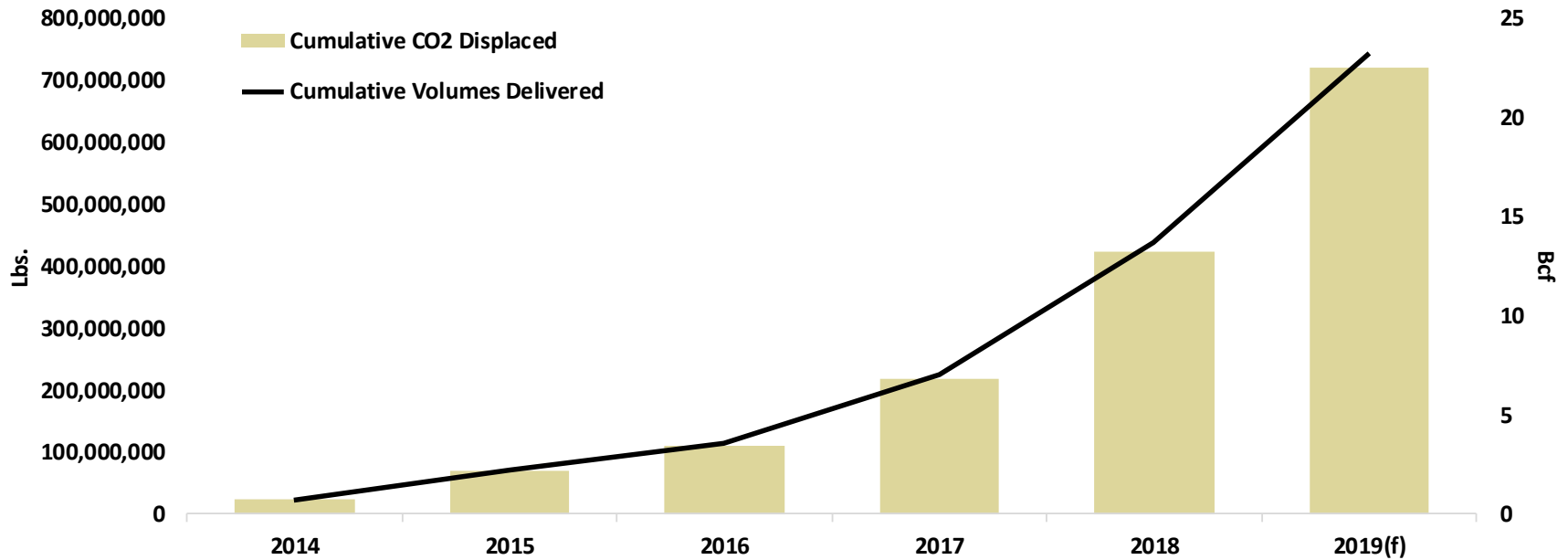


AGRICULTURE

Reducing CO2 Emissions is a Key Driver of Success & Expansion



Cumulative CO2⁽¹⁾ displaced since 2014



Equal to eliminating 70,000 cars off the road for an entire year



The equivalent CO2 captured by 15,000,000 trees in a year



Certarus will have safely delivered cumulatively 23 Bcf of CNG

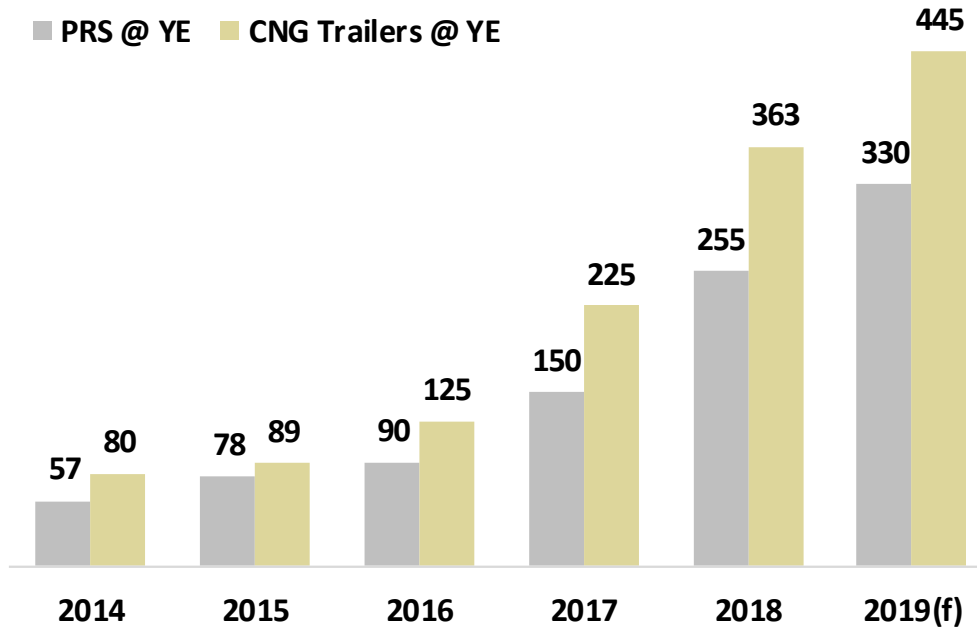
(1) Carbon displacement calculation factors in alternative fuel type displaced and CO2 generated from transportation

Existing CNG Distribution Equipment Supporting Ontario Expansion



- Certarus has invested in engineering, designing and building the largest CNG distribution platform in North America

CNG Trailers & Pressure Reductions Systems (PRS) at Year End



Composite CNG Trailers



Canadian Wide Exclusivity for Titan & Quantum CNG Trailers

Proprietary PRS & Compressor Design



100% engineered, designed & built by Certarus

An efficient company controlled supply chain supported by exclusivity agreements has resulted in scalable, low cost growth



CERTARUS | **ENBRIDGE**
Compressed Natural Gas Terminal
Timmins, Ontario

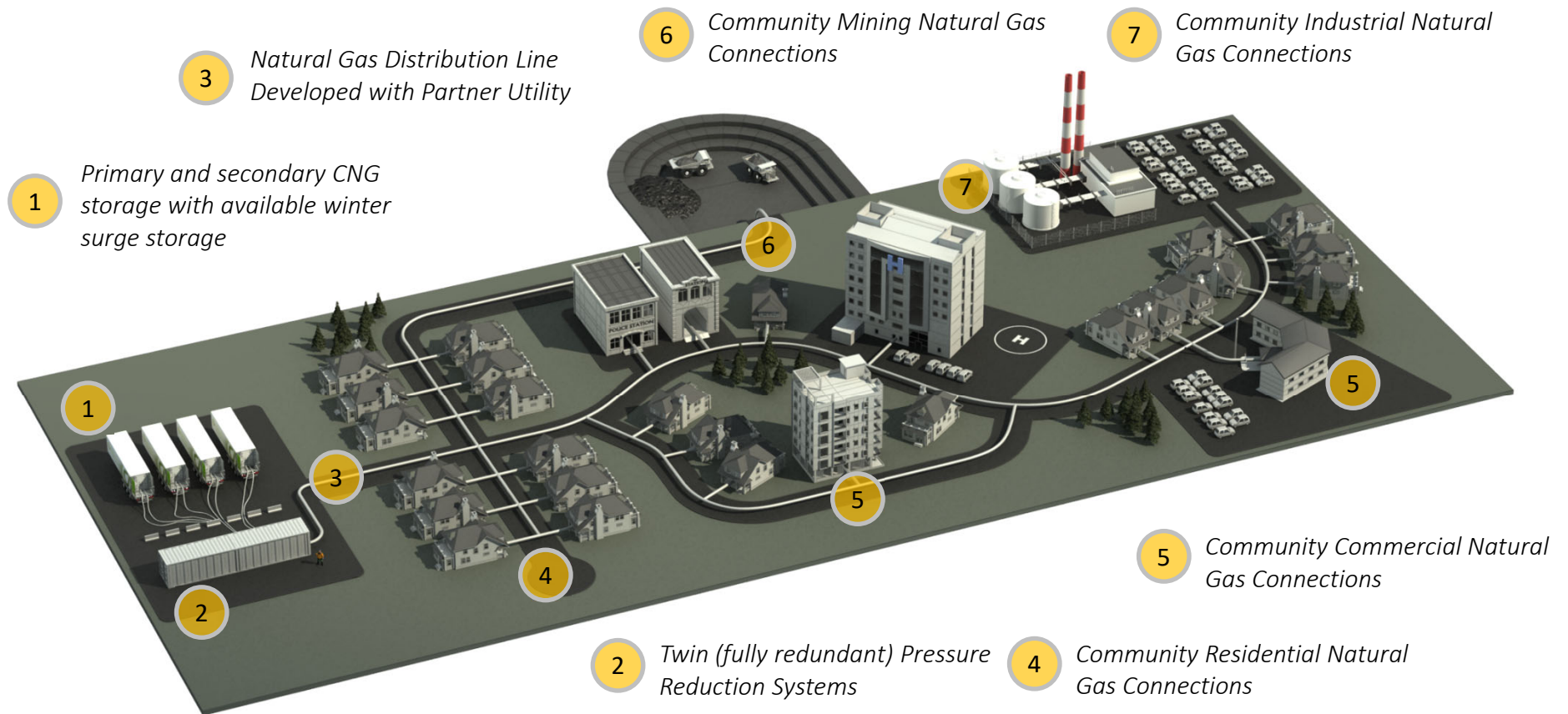
Certarus Ltd.

Proven and Available Natural Gas Supply for Remote Ontario Communities

Ontario Remote Community CNG Supply Model



- **Proven platform to safely & reliably deliver natural gas service to multiple end users off a distribution network**
- **Simple and low cost connections into utility distribution networks and other pipelines**
 - All-in delivered cost of compressed natural gas within an approximate 450 km range of a compression hub is more cost effective than any other alternative fuel supply, including LNG
- **Certarus' internal Engineering Services Group works extensively with commercial, industrial and mining customers to facilitate and manage the conversion to natural gas.**



Proven Experience Supplying Communities

- Certarus has a proven North American CNG platform that can safely and reliably deliver natural gas to remote communities across North America
- Given our extensive experience delivering temporary and permanent natural gas solutions, Certarus has CNG supply arrangements with utility and distribution partners across Canada and the USA
- Based on Certarus' existing and deployable capital, top tier Ontario partners including Enbridge, and our North American leading experience, we are in a position today to support Ontario's remote communities natural gas demands

Utility and Pipeline Customers



Ontario Utility



Global Pipeline Major



British Columbia Utility



North American Pipeline Company



Saskatchewan Utility



Northeast USA Utility



Alberta Utility



North American Pipeline Company

Open, close or move your account

Payment options

Billing and rates

Meters and meter readings

Scams and fraud

Unclaimed funds

Taking care of someone else's

See how we're using a "virtual pipeline" to transport natural gas to the Lower Mainland

December 14, 2018 by Tanya Laing Gahr

Share   



An innovative approach to bolster gas supply for residents in the Lower Mainland is rolling—literally—with a truck "pipeline" that will deliver Compressed Natural Gas (CNG) from the South Okanagan to Aldergrove.

Ontario: Dedicated CNG Infrastructure Operating Today



- Certarus delivers CNG in Ontario today: Timmins terminal commissioned late 2018, Red Rock commissioned late 2019, and advanced development planning for Southern Ontario
- All three locations are strategically located to maximize off-grid communities and industrial customers

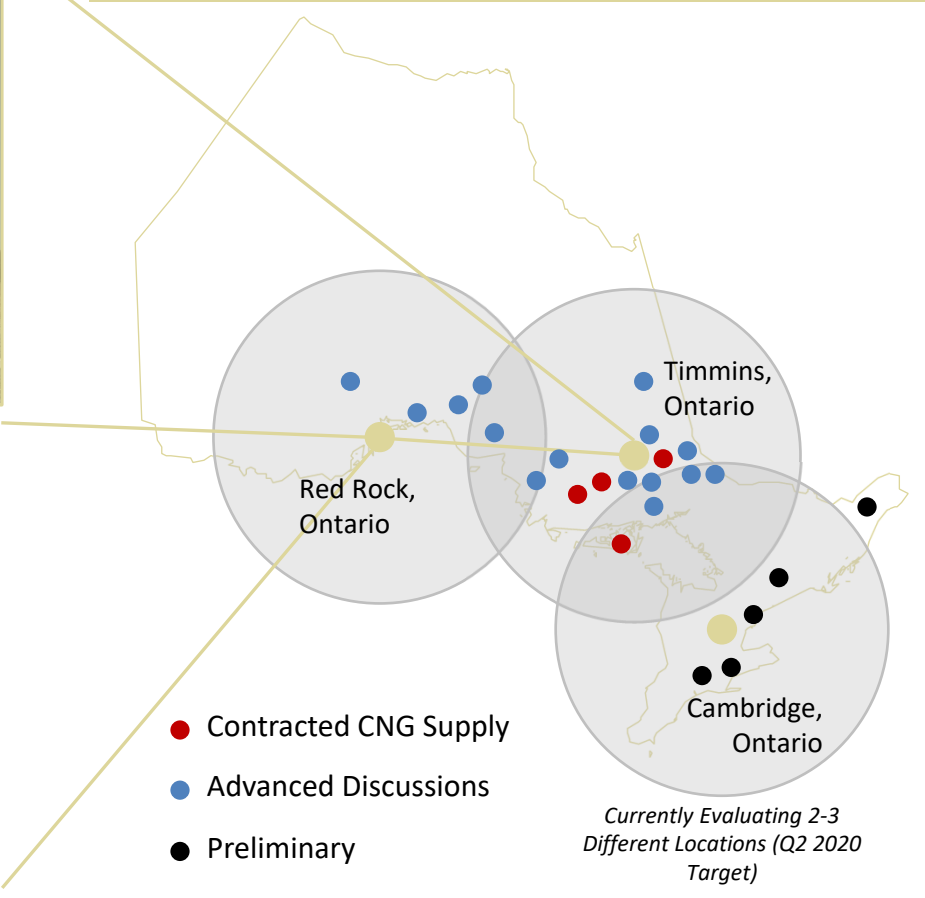


Timmins, ON

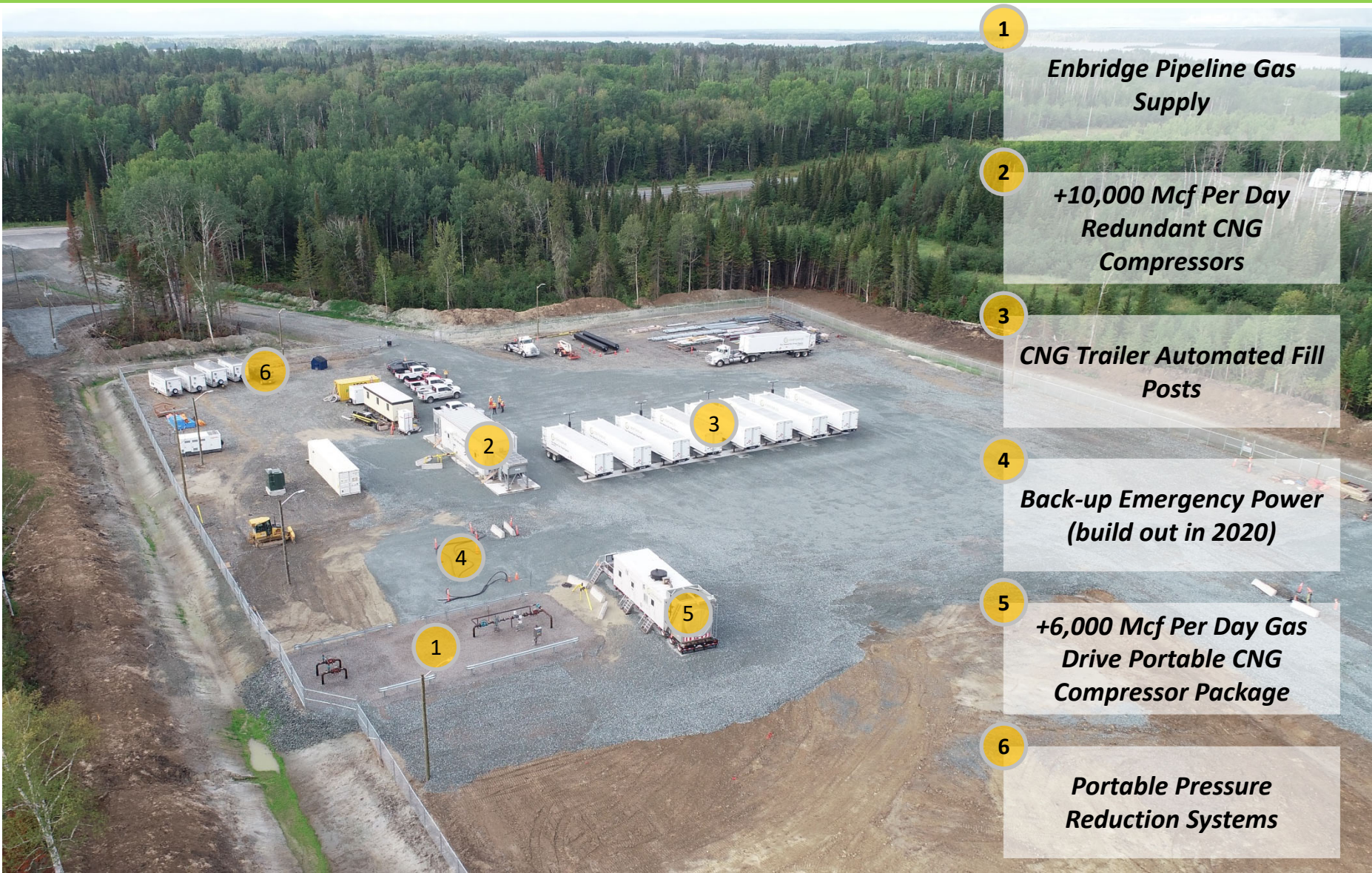


Red Rock, ON

Ontario, Canada



Ontario: Timmins & Red Rock Jointly Branded with Enbridge



1
Enbridge Pipeline Gas Supply

2
+10,000 Mcf Per Day Redundant CNG Compressors

3
CNG Trailer Automated Fill Posts

4
Back-up Emergency Power (build out in 2020)

5
+6,000 Mcf Per Day Gas Drive Portable CNG Compressor Package

6
Portable Pressure Reduction Systems

Community CNG Supply Sources

- Certarus has multiple layers of CNG supply back-up in the event of a failure of any fully redundant CNG compression facility in Ontario
- Option 1 – Certarus has a fleet of 15 portable high pressure compressors in North America (1 already in Ontario) designed to independently supply emergency back-up CNG within 12 hours of arrival. Each compressor can produce 5,000 GJs per day
- Option 2 – Certarus would source CNG from another Certarus Ontario CNG facility in the event of a supply disruption
- Option 3 – Certarus would source CNG from local NGV stations via Enbridge

Temporary Compression Installation at Red Rock



Source From Timmins, Ontario Certarus Permanent Facility



Source From Regional NGV Station



Ontario: Proven Provider of CNG in Northern Ontario



- Currently contracted several large scale, international clients and regional asphalt paving operation
- Active interest in supplying expansion of natural gas to communities
- Advanced discussions with additional opportunities surrounding the Timmins and Red Rock terminals
- Ontario Ring of Fire providing long term mining expansion
- Ontario emissions regulations driving CNG adoption for power generation
 - Significantly faster approval process with CNG vs diesel

2019 Industrial CNG Starts-Ups Resulting in Long Term Expansion Opportunities

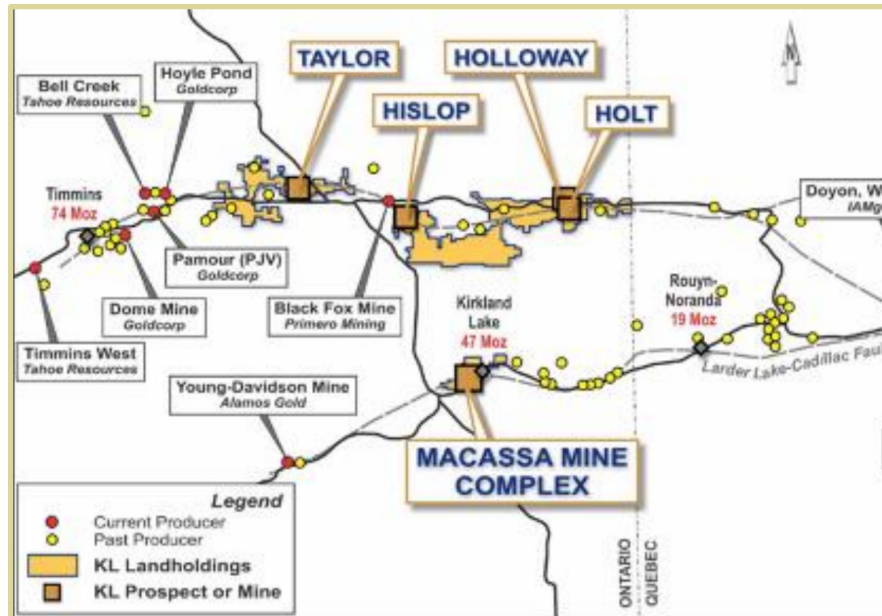


Global ESG standards driving cleaner burning fuel switching

Contract Award – Kirkland Lake Gold

- Kirkland Lake Gold continues to be an excellent case study for the benefits received by our customers
 - Successful execution on initial project with Kirkland Lake Gold (Taylor Mine) has resulted in an expansion of service
- Signed a 5-year contract to service all heating requirements at its Canadian mining operations
- Certarus commenced CNG supply to Kirkland Lake Gold's additional mines in Q4 2019

Kirkland Lake Gold Mine Locations



Dedicated Fixed Site PRS Design





**Compressed Natural Gas Terminal
Timmins, Ontario**

Certarus Ltd.

APPENDIX 1: Case Studies



Proven Certarus CNG Platform for Virtual Gas Pipeline for LDCs



Project Highlight – FortisBC Virtual Pipeline

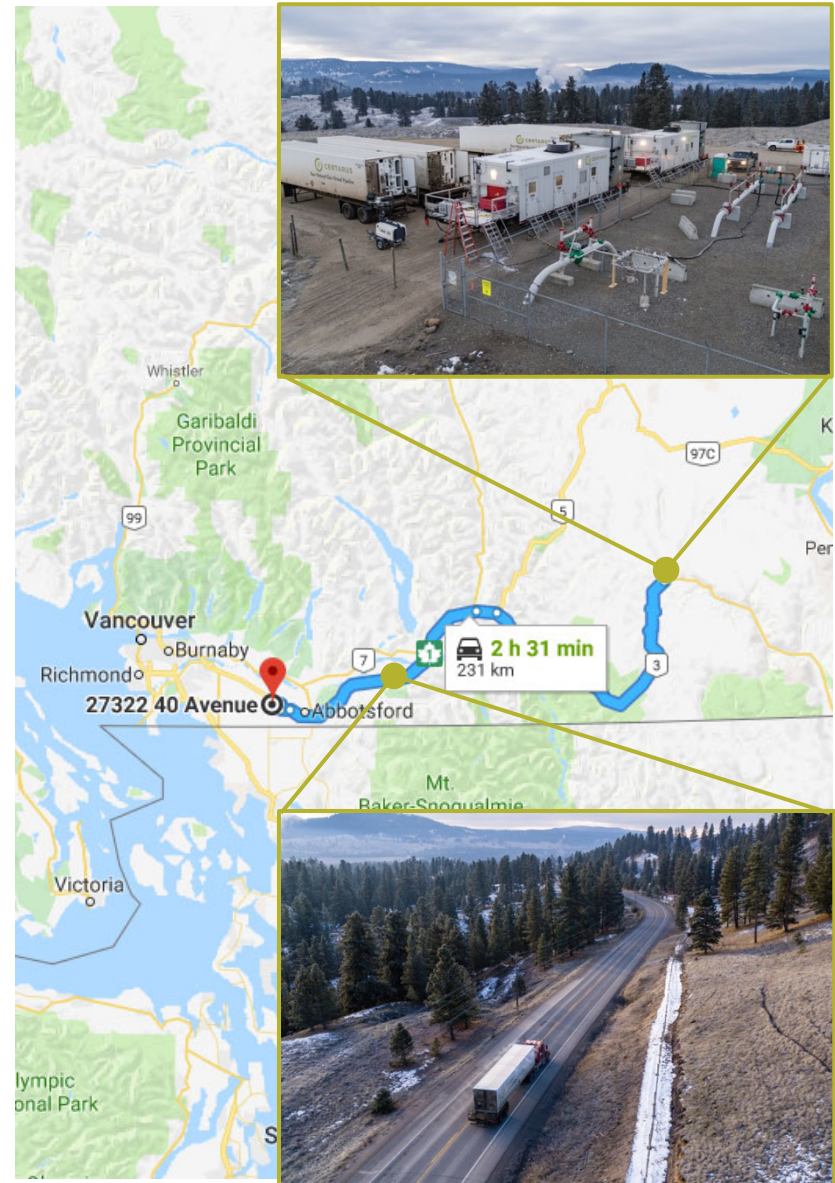


A pipeline rupture occurred on a 36-inch natural gas transmission pipeline near Prince George, causing curtailments to customers downstream of the pipeline including in lower mainland BC

As many as 700,000 customers in northern B.C., the Lower Mainland and Vancouver Island could have been directly affected by the rupture.

Starting the first week in December to February 2019, Certarus transported 16 to 20 loads per day from near Princeton to a compressor station in Aldergrove to augment the supply of available natural gas for customers in the Lower Mainland

The CNG being supplied to the Lower Mainland is the equivalent of service to approximately 12,000+ homes over the duration of the program



Proven Ontario Conversions With Certarus CNG



Proven Ontario Conversions With Certarus CNG



Proven Ontario Conversions With Certarus CNG



Proven Ontario Conversions With Certarus CNG



Proven Certarus CNG Platform For Hotels



Proven CNG Platform For Planned / Unplanned Outage Support



Proven Certarus CNG Platform For Forestry



Proven Certarus CNG Platform For Forestry



Proven Certarus CNG Platform For Mining



Proven Certarus CNG Platform For Construction

