

Elson Advocacy

September 23, 2022

BY RESS

Ms. Nancy Marconi

Registrar, Ontario Energy Board
2300 Yonge Street, Suite 2700, P.O. Box 2319
Toronto, Ontario M4P 1E4

Dear Ms. Marconi:

Re: EB-2022-0086 – Enbridge Gas Inc. – Dawn to Corunna Pipeline Project

I am writing to provide submissions on behalf of Environmental Defence on Enbridge's request for leave to construct the new Dawn to Corunna pipeline.

Environmental Defence submits that the OEB should defer a decision on this proposed project until after Enbridge's upcoming rebasing application. The project is not urgent and can be deferred at least until 2027. Deferring it would provide many benefits, including the following:

1. Saving costs by deferring the expense;
2. Allowing a more holistic review of this project alongside Enbridge's new asset management plan (AMP) and utility system plan (USP);
3. Allowing the leave-to-construct decision to be informed by determinations in the rebasing case regarding cost allocation, which are relevant to determining the portion of the costs that will be borne by ratepayers versus Enbridge, if any;
4. Allowing an appropriately robust review of alternatives, including a review that considers the impact federal climate legislation and plans on the relative cost-effectiveness of alternatives.

No urgency

We acknowledge that some of the compressors at the Corunna Compressor Station should be retired. However, this is not urgent and can be deferred at least until 2027. Mark Rubenstein for the School Energy Coalition ("SEC") has convincingly outlined why there is no urgency, including from a reliability, obsolescence, and health and safety perspective. Environmental

Defence agrees with and supports those submissions. They can be found at pages 2 to 5 of the SEC submissions.

Dwayne Quinn for the Federation of Rental Housing Providers of Ontario (“FRPO”) has also explored the issue of urgency in interrogatories and the technical conference. We anticipate his submissions will also argue that there is no urgency. Mr. Quinn is a professional engineer and former Union Gas facilities planner with over 35 years of experience in the sector. In addition, Tom Ladanyi also submits for Energy Probe that the project is not urgent. Mr. Ladanyi has 20 years of experience in management positions at Enbridge, preceded by 16 years in management positions at TransCanada. It is telling that a number of highly experienced professionals involved in this proceeding all agree that the project is not urgent.

Benefits of deferral and alternatives

There are significant benefits of deferring the project, which are summarized in the bulleted list above. They are also described in more detail on pages 6 and 7 of Mr. Rubenstein’s submission for the SEC. For instance, the cost savings of deferring a \$250 million project may be even greater depending on the outcome of the rebasing case and how incremental capital is treated in comparison to the current construct. Environmental Defence agrees with and supports those submissions.

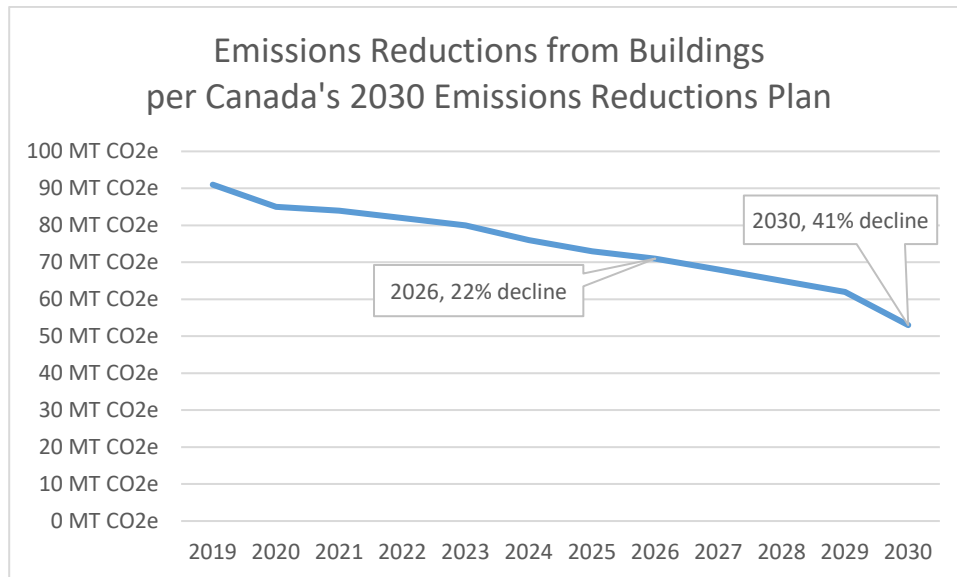
Environmental Defence specifically agrees with and supports the submissions of Mr. Rubenstein and Mr. Quinn that more time is needed for an appropriately robust review of alternatives. However, we also believe there is another important aspect of any assessment of alternatives that should to be addressed, which has not been canvassed in detail by other parties.

In particular, deferring this project would allow time for Enbridge to consider how the relative cost-effectiveness of different alternatives might be impacted by future gas demand scenarios in light of the federal government’s climate legislation – the *Canadian Net-Zero Emissions Accountability Act, (2021)*. If the federal government’s legislated carbon reduction targets and 2030 Emissions Reduction Plan are implemented, or come even close to being met, this will have a major impact on gas demand. The main elements that could impact gas demand are as follows:

- **Carbon reductions from buildings:** Canada’s 2030 Emissions Reduction Plan includes targets for carbon emissions from buildings to decline by 22% by 2026 and by 41% by 2030.¹ This is based on a reduction from 91 CO₂e in 2019 to 71 CO₂e in 2026 and 53 CO₂e in 2030.

¹ Exhibit I.ED.3(a), (f), & (g); see also: *2030 Emissions Reduction Plan – Canada’s Next Steps for Clean Air and a Strong Economy* ([link](#)); for the full plan see https://publications.gc.ca/collections/collection_2022/eccc/En4-460-2022-eng.pdf.

The federal targets for emissions reductions from buildings are shown in the figure below.



- **Net-zero power generation by 2035:** Canada has committed to net-zero emissions from electricity generation by 2035, and re-affirmed its commitment in its 2030 Emissions Reduction Plan.²
- **Economy-wide net zero by 2050:** Canada has committed to net-zero across all sectors by 2050.³

These are not mere aspirations. Canada's net-zero commitment is mandatory and binding under the *Canadian Net-Zero Emissions Accountability Act* and Canada's 2030 Emissions Reduction Plan has formal legal status under s. 9 of the that legislation in relation to the legally binding targets.⁴

These official plans and legally binding targets will certainly have an impact on gas demand. That could, in turn, impact the relative cost-effectiveness of the various alternatives under consideration. For instance, the alternative proposed by Mr. Quinn may improve relative to the proposed project if the possibility of significant demand decreases over the next decade is considered. Similarly, alternatives that have a different balance of up-front versus ongoing costs will be impacted differently if the need for capacity may decline and/or disappear over time.

² *Ibid.*

³ *Ibid.*

⁴ Exhibit I.ED.3(b); *Canadian Net-Zero Emissions Accountability Act, (2021)*, ([link](#))

This is important in part because Enbridge is proposing to build very long-lived assets that are intended to be in-service in the 2060s and beyond.⁵ By 2050, when net-zero must be obtained, over \$84 million of the costs of the proposed project will remain undepreciated.⁶ Who will bear those costs if the assets are no longer used and useful?

Enbridge has not provided any analysis to show how Canada's official climate plan and legally binding targets could impact an assessment of project alternatives. For instance:

- We asked Enbridge to estimate the impact Canada meeting its plans and targets to reduce emissions from buildings on the demand for the project. Enbridge declined.⁷
- We asked Enbridge to estimate the impact of an end of gas-fired generation by 2035 on the demand for the project. Enbridge declined.⁸
- We asked Enbridge to recalculate the relative net present values of the alternatives based on different assumptions about how long the capacity provided by the project would be required (i.e. by 2035, 2045, and 2050). Enbridge declined.⁹

Enbridge will argue that it is too complex and uncertain to estimate the impacts of federal plans and targets on the demand for this specific project. Doing so requires translating annual national volumetric targets to local demand day requirements. However, it is entirely feasible to at least develop a range of reasonable assumptions so that parties can examine the range of potential outcomes. Instead, by completely ignoring the issue, Enbridge implicitly assumes the impact of federal plans and targets on demand for the project is zero. That itself is an estimate. Simply ignoring the issue results in an estimate that is far less accurate than the alternative of at least exploring the range of potential impacts on the project economics.

Enbridge will also argue that the demand reductions required to make this project redundant are beyond an amount that can possibly be obtained. The capacity required to replace the compressors to be retired is 666 TJ/day.¹⁰ That is not small, but Enbridge did no analysis to compare it with potential demand day reductions that could arise from phasing out fossil fuel generation by 2035 and reducing the carbon emissions from buildings by 41% by 2030.

This case is part of a broader problem with Enbridge's planning processes. In all of its applications filed to date, Enbridge has declined to estimate the range of potential impacts of official federal climate plans and targets on the future need for the projects and the project economics. In every case Enbridge simply argues that it is too complicated to assess the impacts and then implicitly assumes that there will be no impacts. This is simply inaccurate.

⁵ Exhibit I.ED.18(a)&(b).

⁶ Exhibit I.ED.18(c).

⁷ Transcript, July 27, 2022, p. 141, lns. 7-14 & p. 147, lns. 1-10; Exhibit I.ED.3(c).

⁸ Exhibit I.ED.3(h).

⁹ Exhibit I.ED.8.

¹⁰ Exhibit I.STAFF.8; Exhibit I.SEC.13.

We cannot determine whether a proper assessment of the potential impacts of federal climate plans and targets would change the project economics or the ranking of alternatives. A deferral of this project would give Enbridge more time to do the work necessary for the parties and the OEB to know the answer to that important question.

Yours truly,

A handwritten signature in blue ink, appearing to read 'K. Elson', written in a cursive style.

Kent Elson