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January 7, 2025

Sent by EMAIL, RESS e-filing

Ms. Nancy Marconi
Registrar
Ontario Energy Board
27-2300 Yonge Street
Toronto, ON M4P 1E4

Dear Ms. Marconi:

Re: EB-2024-0239 EPCOR Natural Gas Limited Partnership (“ENGLP”) Application for a Limited Certificate of Public Convenience and Necessity for Norfolk County Responses to Interrogatories

Please find enclosed ENGLP's responses to interrogatories of OEB Staff and Enbridge Gas Inc.

ENGLP confirms that the responses do not include personal information (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

Please do not hesitate to contact me if you have any questions.

Yours truly,

Tim Hesselink, CPA
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EPCOR Natural Gas Limited Partnership
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249-225-5104

**EPCOR Natural Gas Limited Partnership
Responses to OEB Staff Interrogatories
EB-2024-0239**

OEB STAFF-1

Reference: Application, page 5, para 2 and 5
Application, page 6, paras 6 and 7
Application, page 9, para 16
Application, page 10, para 21

Preamble:

ENGLP is currently providing natural gas service to the EZ Grow Greenhouse Facility. The EZ Grow Greenhouse Facility requires additional gas volumes for the winter growing season. ENGLP states that the most economical and efficient solution from a timing and supply perspective to meet the demand is to construct a new 2.5 km polyethylene pipeline at Lots 2 and 3 (excluding municipal addresses 220 and 230 8th Concession Road) and Concession 7- North Part of Lot 2 in Norfolk County, the area in which ENGLP has requested a certificate

ENGLP states that although the EZ Grow Greenhouse Facility is located within its franchise area and certificate territory, undertaking upgrades to its assets would be much more costly than a new pipeline.

The proposed pipeline would traverse Enbridge Gas's certificate area. ENGLP states that it has no intention of supplying any customers in Enbridge Gas's certificate territory even though the proposed pipeline would traverse Enbridge Gas's certificate territory. ENGLP further states that the certificate is limited to the new pipeline and would not interfere with any of Enbridge Gas's interests within its service territory.

ENGLP submits that Enbridge Gas has advised that it would take several months to evaluate whether it can supply the EZ Grow Greenhouse which is unviable to the EZ Grow Greenhouse's requirements.

Question(s):

- a) Please clarify whether the certificate request is for all of Concession 7- Lot 2 or only the north part of Concession 7- Lot 2.

ENGLP Response: The Certificate Request is for all of Concession 7– Lot 2. The reference to the “north part of Concession 7- Lot 2” was inadvertently included as it is duplicative of the request for the whole Concession 7 – lot 2.

- b) Please file any communication provided by Enbridge Gas outlining that it does not object to the construction of the proposed pipeline and associated facilities in its certificate area.

ENGLP Response: ENGLP Staff met with Enbridge Staff on Wednesday, June 19 2024 to discuss the project and answer any preliminary questions from Enbridge Staff. Enbridge Staff did not express objection to the project, but confirmed EGI’s internal policy where written confirmation is not provided in advance of an CPCN application filing, and that Enbridge would instead intervene in the application to allow for formal commentary within the hearing.

- c) To the best of ENGLP’s knowledge, please provide the location of the nearest Enbridge Gas distribution pipeline to the proposed pipeline and associated facilities.

ENGLP Response: To the best of ENGLP’s knowledge, the location of the nearest Enbridge Gas distribution pipeline is 7km northeast of the proposed pipeline and associated facilities. This was determined when Enbridge Gas provided details on costing and timing for options to serve the EZ Grow Greenhouse Facility.

OEB STAFF-2

Reference: Application, page 5, para 5
Application, page 6, para 7
Application, page 7, para 8
Application, page 9, para 17

Preamble:

ENGLP states that the EZ Grow Greenhouse facility requires additional volumes of natural gas by November 1, 2024. ENGLP further states that it completed an upgrade on February 14, 2024, for an intermediary amount but to reach the required demand, ENGLP is proposing to supply the required natural gas by using Clearbeach Resources Inc. (Clearbeach Resources Inc.) who will construct the proposed 2.5 km pipeline and then sell the proposed pipeline to ENGLP.

ENGLP states that Clearbeach Resources has an excess capacity of natural gas and that it will enter into a System Gas Supply Agreement with ENGLP to supply the additional gas volumes to the EZ Grow Greenhouse Facility. ENGLP states that the proposed pipeline does not meet the LTC threshold.

Question(s):

- a) Please discuss whether the EZ Grow Greenhouse facility received the additional volumes of natural gas it required by November 1, 2024.

ENGLP Response: EZ Grow received the additional volumes as of December 9, 2024. This revised timeline was determined in cooperation with EZ Grow.

- b) Please describe the anticipated timing for the completion and in-service date of the proposed pipeline.

ENGLP Response: The pipeline is operationally in service as of December 9, 2024, but it will not become an EPCOR-owned asset until this hearing is concluded and a CPCN has been granted.

- c) Please provide the proposed operating pressure of the pipeline and confirm that the length of the proposed pipeline has not changed. If not confirmed, please provide the new proposed length for the pipeline.

ENGLP Response: The operating pressure is 30PSI. The length of the pipeline has not changed.

- d) Please outline the cost of the proposed pipeline and associated facilities in comparison to ENGLP undertaking upgrades to its assets. Please also discuss whether ENGLP customers will pay for the cost of the proposed pipeline and associated facilities and whether the costs for the proposed pipeline and associated facilities have been approved in another proceeding.

ENGLP Response: The estimated cost of the Clearbeach Resources Inc. gas supply option (proposed pipeline and associated upgrades and facilities) is \$980,820. The YTD spend on the completed pipeline upgrade project is \$890,949. This information is consistent with the information provided in EB-2024-0130 IRR Staff-50d)¹.

The background and justification of the project are included as part of ENGLP's cost of service utility system plan in sections 9.2 along with the System Access - Large Agricultural Customer Phase 1 and 2 Load (Project)². ENGLP's Cost of Service Application is awaiting a final decision in responses to the settlement proposal filed November 20, 2024.

- e) Please provide the details on any cost and timing proposals provided by Enbridge Gas to serve the EZ Grow Greenhouse Facility.

ENGLP Response: In May 2024, ENGLP received initial cost assessments of two options from Enbridge Gas to serve the EZ Grow Greenhouse customer.

The first option provided by Enbridge involved 3.8 km of new 6" gas main installation along 11 Concession Rd to W Quarter Line Rd and 7 km of new 6" gas main installation to a new custody transfer station site on Walsingham Townline Rd. The high level cost for this option provided by Enbridge was approximately \$10 million.

The second option provided by Enbridge involved 1.4 km of new 6" gas main installation along Mabee Side Rd and 0.4 km of 4" gas main installation from Mabee Sd Rd to the Walsingham Station. Further, modifications at the ENGLP Walsingham station would be needed to allow for additional capacity to flow. The high level cost for this option provided by Enbridge was approximately \$2.5 million. The timeline between receiving the initial cost estimate to execution was estimated to be 12 months.

Please note the Enbridge costs do not include pipeline additions and upgrades ENGLP would have to complete on its distribution system to satisfy the load requirements of the large agricultural customer.

¹ EB-2024-0130_ENGLP_IRR_20241017_Page 126

² EB-2024-0130 Exhibit 2 20240718

OEB STAFF-3

Reference: Application, page 10

Preamble:

ENGLP has applied for a limited Certificate for Norfolk County. The Ontario Energy Board Act, 1998 permits the OEB, when making an order, to “impose such conditions as it considers proper.”

Question:

- a) OEB staff has prepared draft conditions of approval, set out below. If ENGLP does not agree to any of the draft conditions of approval noted below, please identify the specific conditions that ENGLP disagrees with and explain why. For conditions in respect of which ENGLP would like to recommend changes, please provide the proposed changes and an explanation of the changes.

**EPCOR Natural Gas Limited Partnership (ENGLP)
Application for a Limited Certificate of Public Convenience and Necessity for Norfolk
County
DRAFT CONDITIONS OF APPROVAL**

1. ENGLP shall give the OEB notice in writing of the:
 - a. Commencement of construction, at least ten days prior to the date construction commences;
 - b. Planned in-service date, at least ten days prior to the date the facilities go into service;
 - c. Date on which construction was completed, no later than 10 days following the completion of construction; and
 - d. In-service date, no later than 10 days after the facilities go into service.
2. ENGLP shall advise the OEB of any change to the proposed facilities as described in its application and evidence, prior to implementing the change.
3. ENGLP shall designate one of its employees as project manager who will be responsible for the fulfillment of these conditions. ENGLP shall provide the employee’s name and contact information to the OEB. The project manager will be responsible for the fulfillment of the conditions of approval on the site.
4. The OEB’s designated representative for the purpose of these Conditions of Approval shall be the OEB’s Manager of Natural Gas.

ENGLP Response: The conditions of approval as provided by OEB Staff are an excerpt from the standard leave to construct conditions of approval from the OEB’s Natural Gas Facilities Handbook. ENGLP does not believe these conditions are necessary for a CPCN application, and are instead intended for leave to construct applications. ENGLP also notes that the

OEB's Natural Gas Facilities Handbook does not include conditions of approval for CPCN applications as a filing requirement.

**EPCOR Natural Gas Limited Partnership
Responses to Enbridge Gas Inc. Interrogatories
EB-2024-0239**

Enbridge 1. Reference: EPCOR Application, pages 5 – 6

“5. EZ Grow requires additional supply of _____ m³/hr of natural gas to the EZ Grow Facility by November 1, 2024 for the winter growing season, but ENGLP’s current infrastructure is unable to supply this requested volume. In order to meet this request, on February 14, 2024, ENGLP completed an upgrade to a _____” pipeline to allow for an intermediary amount of _____ m³/hr. However, to reach the _____ m³/hr demand, ENGLP has determined that the most economical and efficient solution from a timing and supply perspective is to construct the New Pipeline and subsequently supply the natural gas to EZ Grow from ENGLP’s existing natural gas distribution infrastructure. A letter of support from EZ Grow is included in Appendix “A.”

“7. Under ENGLP’s proposed plan, Clearbeach will construct and sell the New Pipeline to ENGLP in order to supply the additional volumes of natural gas to EZ Grow. Clearbeach will construct approximately 2.5 km of _____” polyethylene pipe from its existing gas infrastructure through to EZ Grow. A regulating station will be installed at the EZ Grow Facility to reduce pressure to serve the customer, and provide the necessary information from a billing and gas supply perspective. No OEB approvals are needed for this regulating station, as it is located within ENGLP’s Franchise Area and CPCN territory. ENGLP and Clearbeach will have agreements in place regarding construction and quality specifications/standards for the New Pipeline.”

Questions:

- a) Please confirm whether or not EZ Grow Facility was able to receive additional supplies of gas by November 1, 2024. If yes, then please provide details of the additional supplies provided.

ENGLP Response: Refer to Staff 2a).

- b) Please provide a table showing a breakdown of the total cost of the various components of the proposed project including reinforcements needed and a calculation showing that no contribution in aid of construction is required.

ENGLP Response: The breakdown of the total cost, consistent with the response to EB-2024-0130 SC-CCC-1 pre-settlement clarification question is provided below³.

³ ENGLP_EB-2024-0130_Settlement Proposal_20241120, Page 79.

Step 1 for Phase 1 (6 in. Pipe Upgrade)							
#	ITEM	DIAM (in.)	Final Units	UOM	Unit Price	UNIT	Cost \$ (w Contingency)
1	Pipe	6 in	2,126	Meter	\$54	\$/meter	\$113,924
2	P.E. main install (SB)	6 in	2,025	Meter	\$387	\$/meter	\$784,667
3	Tracer Wire		2,228	Meter	\$1	\$/meter	\$1,270
4	Regulating Station		1	Station	\$10,000	\$/station	\$10,000
5	Straight T	4 in	1	Unit	\$90	\$/unit	\$90
6	Reducing Couplings	4 in	3	Unit	\$120	\$/unit	\$360
7	Poly Valve	4 in	1	Unit	\$398	\$/unit	\$398
8	EPCOR Labour		1	Install	\$15,942	\$/Install	\$15,942
9	AECOR Overhead		1	install	\$867	\$/Install	\$867
10	Pipe Transport		1	Project	\$25,000	\$/project	\$25,000
11	Incremental O&M			Cx/Yr	\$2,000	\$/Cx/ Yr	\$2,000
12	Cost Adjustments					\$/Project	(\$63,569)
	TOTAL						\$890,949

Step 2 for Phase 1 (Clearbeach Supply)			
#	ITEM	Cost \$	Cost \$ (w Contingency)
1	Upstream Reinforcement & Monitoring	\$176,377	\$202,834
2	Modification at Maricann	\$53,354	\$61,357
3	Pipeline from Maricann to Customer Site (4 in. MDPE)	\$572,642	\$658,538
4	Second Regulating Station at Customer Site	\$36,914	\$42,451
5	Easements and Approvals	\$13,600	\$15,640
	TOTAL		\$980,820

The summary of the PI calculation for this project is detailed below. This information is consistent with the information provided in EB-2024-0130 IRR Staff-50e)⁴.

	Cash Amount	Present Value
Distribution Revenue	\$ 3,552,035.42	\$ 2,211,702.24
Income Taxes	\$ (941,289.39)	\$ (586,101.09)
Total Revenue	\$ 2,610,746.03	\$ 1,625,601.15
Total Capital Cost	\$ 1,871,769.04	\$ 1,871,769.04
CCA Tax Shield on Capital	\$ (358,960.15)	\$ (246,268.54)
Total Expenditure	\$ 1,512,808.89	\$ 1,625,500.50
Net result (Cash Amount)	\$ 1,097,937.14	
Net Result (Present Value)		\$ -
Capital Cost Breakdown		
Mainline Installation Cost	\$ 1,745,727.27	
Material Cost	\$ 126,041.77	
Total Capital Costs	\$ 1,871,769.04	

⁴ EB-2024-0130_ENGLP_IRR_20241017_Page 127

- c) Please confirm whether or not EZ Grow will pay the full cost of the upgrade to the pipeline completed on February 14, 2024 to allow for an intermediary amount to be provided to the EZ Grow Facility.

ENGLP Response: EZ Grow was not required to provide a capital contribution towards the project as the profitability index (PI) was greater than one. Upgrade costs will be recovered via distribution rates.

- d) Please confirm whether or not the operations of EPCOR and Clearbeach Resources Inc. are affiliated in any way.

ENGLP Response: There is no affiliation between EPCOR and Clearbeach Resources Inc.

- e) Please confirm that Clearbeach does not have any employees, but rather operates using contractual arrangements with a Lagasco Inc. company pursuant to which personnel and services are provided to Clearbeach in connection with the management, operation and maintenance of Clearbeach's oil and gas wells and associated infrastructure.

ENGLP Response: ENGLP does not have this information, nor is it in a position to make this confirmation.

- f) Please confirm that EPCOR's application is considered a bypass of Enbridge Gas' system.

ENGLP Response: ENGLP would not consider this to be a system bypass. The facility filing requirements define system bypass as:

A system bypass occurs when a customer (often a large industrial customer) seeks to obtain natural gas distribution or transmission service from someone other than the utility that holds the certificate for that territory. The customer may instead seek service from another party (which may be a different natural gas utility) or install and operate its own facilities.

As EZ Grow is already a customer of ENGLP, they are not seeking to obtain natural gas distribution or transmission service from another utility. ENGLP is looking to obtain additional capacity/supply in order to accommodate the growth demands of the customer.

- g) Please confirm whether the service proposed to be provided by EPCOR to the EZ Grow Facility is firm service or interruptible service or a combination of the two.

ENGLP Response: EZ Grow is a Rate 3 customer, which is a contract-based firm service with a potential for authorized overrun. A customer is eligible for a Rate 3 if they enter into a contract with the company for the purchase or transportation of gas:

- a) for a minimum term of one year;
 - b) that specifies a combined daily contracted demand for firm and interruptible service of at least 700 m³; and
 - c) a qualifying annual volume of at least 113,000 m³.
- h) Has a study been conducted on how much gas is still in the wells that will supply the proposed pipeline being constructed by Clearbeach? If yes, please provide details of the study, including an explanation as to how long Clearbeach will be able to supply EPCOR and the EZ Grow Facility (assuming typical annual usage).

ENGLP Response: A provision has been included in the ENGLP/Clearbeach Resource Inc. gas sales contract, which requires an annual reserve report from an independent industry-recognized third party reserves expert explicitly confirming that Clearbeach or its affiliates have or do not have sufficient remaining reserves, and the capacity to deliver, necessary to meet the remaining requirements of contract. If the Assessment indicates that the reserves and deliverability are not sufficient to meet the commitments throughout the remaining term of the contract, Clearbeach shall provide a plan to ENGLP illustrating how Clearbeach will remediate any shortfall. The first report is expected in November 2025. ENGLP notes that it would be unable to provide this information on the public record, due to the proprietary nature of the content.

- i) What is the anticipated construction schedule for the proposed facilities to provide additional service to the EZ Grow Facility?

ENGLP Response: Refer to Staff 2b).

Enbridge 2. Reference: EPCOR Application, page 7

“8. Clearbeach has indicated that it has an excess capacity of natural gas for which it will enter into a System Gas Supply Agreement with ENGLP to supply the additional gas volumes to EZ Grow. This increase in peak demand is referenced in ENGLP’s Gas Supply Plan in EB-2024-0139, filed May 31, 2024.”

Question:

Please confirm that EPCOR will have programs / systems / policies in place to monitor the quality of the gas being provided to the end use customer. Please details of these programs / systems / policies.

ENGLP Response: Both Clearbeach and ENGLP plan to conduct regular testing and analysis to ensure compliance with quality standards. Clearbeach will be testing mercaptan levels and dew point/moisture on a monthly basis as part of their routine check. Mercaptan checks are conducted to confirm that the odorant levels in the natural gas are within the acceptable range for effective leak detection by smell. Dew point/moisture checks are conducted to ensure gas remains below critical levels, preventing pipeline corrosion and operational inefficiencies. All tests will be conducted downstream of export line (downstream of sales point).

ENGLP plans to conduct routine checks on the quality of gas provided to the customer as well as part of its inspection and maintenance program. This includes monthly mercaptan and dew point/moisture checks on our end as well as sending gas samples out for third-party quality testing on a quarterly basis.

Enbridge 3. Reference: EPCOR Application, page 9

“17. ENGLP confirms that: no contribution in aid of construction is required; none of the leave-to-construct thresholds in subsection 90(1) of the OEB Act are triggered by the New Pipeline construction; and that Clearbeach is a competent builder and operator. In addition to this CPCN approval, ENGLP and Clearbeach will obtain all requisite approvals required under all applicable laws to construct the New Pipeline and facilitate the transfer of the asset to ENGLP to supply gas to EZ Grow.”

Questions:

- a) Please confirm that the proposed pipeline will be included in EPCOR’s annual leak survey plan and sign markers will be installed from a damage prevention / emergency contact perspective and to clearly identify the pipeline.

ENGLP Response: Confirmed.

- b) Does the “transfer of the asset to ENGLP to supply gas to EZ Grow” reference mean that there will be financial compensation given to Clearbeach and the cost of which would be recovered in rates charged by EPCOR to its customers?

ENGLP Response: Yes. The background and justification of the project are included as part of ENGLP’s cost of service utility system plan⁵ in sections 9.2 along with the System Access - Large Agricultural Customer Phase 1 and 2 Load (Project). ENGLP’s Cost of Service application is awaiting a final decision in responses to the settlement proposal filed November 20, 2024.

⁵ EB-2024-0130 Exhibit 2 20240718

Enbridge 4. Reference: EPCOR Application, page 10

“19. ENGLP has also included a draft CPCN as Appendix “F”, which includes the following lots and concessions in Norfolk County representing the New Pipeline to the EZ Grow Facility: Concession 7: Lots 2 and 3 (excluding municipal addresses 220 and 230 8th Concession Road); and, Concession 7: North Part of Lot 2.”

Questions:

- a) Please confirm that the EZ Grow Facility will be the only customer served by the proposed facilities.

ENGLP Response: Confirmed.

- b) Please provide details of any other permits, environmental screenings/reviews, etc. that EPCOR has or will be acquiring / undertaking related to this application.

ENGLP Response: Easements and any approvals/permits will be passed to EPCOR upon transfer of ownership.

Enbridge 5. Reference: EPCOR Application, page 8

“12. ENGLP hereby applies to the OEB for a limited CPCN covering the area of the New Pipeline. ENGLP proposes that the OEB follow the same process as in proceeding EB-2021-0238 when issuing a new CPCN for the New Pipeline. In EB-2021-0238, the OEB issued Six Nations a new certificate for the expanded service area within Enbridge’s CPCN territory, which cancelled and superseded Six Nations’ and Enbridge’s prior certificates. A new certificate excluding Six Nations’ new service areas was also granted to Enbridge, which cancelled and superseded Enbridge’s prior certificate.

13. ENGLP proposes that the portions of the 2019 CPCN and 2021 CPCN covering the area for the New Pipeline be superseded and replaced by a new CPCN.”

Questions:

- a) Please confirm that EPCOR currently only has one CPCN (EB-2017-0108-B1 issued October 17, 2019) in place for areas it is permitted to serve within Norfolk County.

ENGLP Response: Confirmed.

- b) Please confirm that an amendment to the EB-2017-0108-B1 CPCN would accomplish EPCOR’s objective for his application.

ENGLP Response: Confirmed.

- c) Please confirm whether and how the proposed additional service area within Norfolk County will impact the EB-2021-0238-E CPCN issued to Six Nations Natural Gas on December 16, 2021, and the EB-2021-0238-H CPCN issued to Enbridge Gas on December 16, 2021.

ENGLP Response: The proposed additional service area will not have an impact on the EB-2021-0238-E and EB-2021-0238-H CPCNs.

- d) Please provide updates to the maps contained in Appendix E titled “EPCOR CFCN Certificate Area - Norfolk Township” and “EPCOR Infrastructure - Norfolk Township” which highlight the area proposed to be added to EPCOR’s CPCN service area in Norfolk County through this application.



ENGLP Response: Attached as Appendix A is a map of the EPCOR CPCN certificate area for Norfolk County, and Appendix B is the specific CPCN certificate area with the proposed infrastructure.

APPENDIX A

EPCOR CPCN Certificate Area - Norfolk County



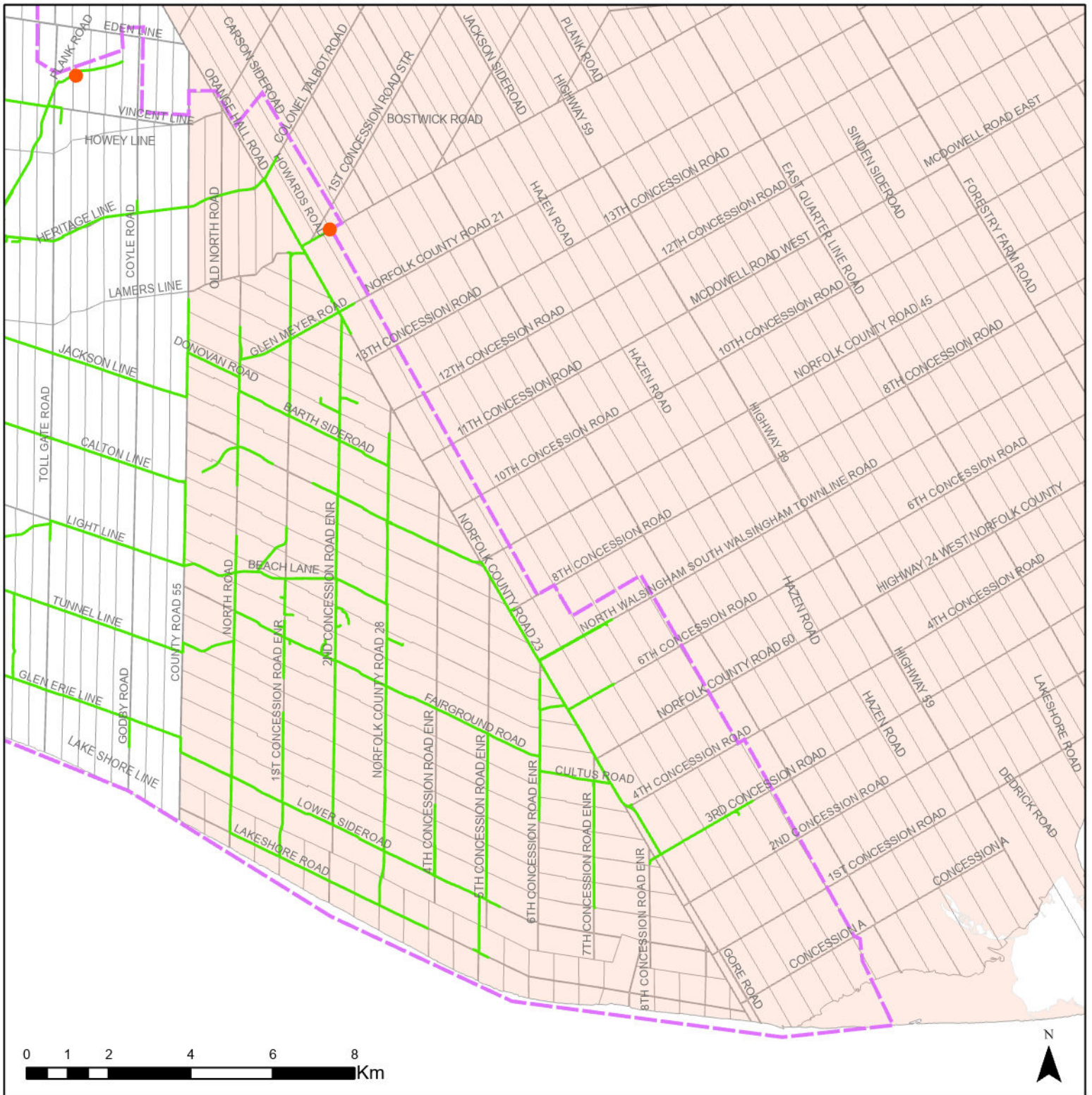
Legend

-  EPCOR Boundary
-  Norfolk County



APPENDIX B

EPCOR Infrastructure - Norfolk County



Legend

- EPCOR Main Infrastructure
- EPCOR Boundary
- Norfolk County
- EPCOR Stations

