

ONTARIO ENERGY BOARD

System Access Proceeding

INDUSTRIAL GAS USERS ASSOCIATION (IGUA)

REPLY TO

ONTARIO PETROLEUM INSTITUTE'S (OPI) SUBMISSION

1. In its July 28th submissions OPI addresses two issues that IGUA's members, Ontario's largest natural gas consumers, sympathize with;
 - (a) the utility of having a clearly defined process for response to customer¹ requests for new gas connections (the "connection timelines issue"); and
 - (b) the opportunity for connecting customers to undertake a portion of the new connection work on their own (i.e. "contestability" for new connection work; the "contestability issue").
2. To be clear, IGUA's members have not indicated any particular problems or concerns with EGI connections. Obviously at least some OPI members have had different experiences. IGUA has not focussed on the merits of any of OPI's specifically alleged historical disputes or difficulties in dealings between its members and EGI, nor on EGI's responses to those allegations. Rather IGUA has considered the general merits of the two issues identified above, which are addressed below.
3. In its submissions OPI also seems to suggest that the OEB "*place an obligation on EGI to operate its system in a way that maximizes local production*"², in recognition of asserted "*environmental and economic benefits for Ontario ratepayers and citizens*".³ The extent and nature of any such benefits, and of any costs associated with realization of such

¹ IGUA considers producers, as well as consumers, to be "customers" of EGI.

² OPI Submissions, paragraph 27.

³ OPI Submissions, paragraph 26.

benefits, is a gas supply issue which goes beyond matters of producer customer connections, and should be addressed through gas supply plan and plan review proceedings.

Connection Timelines Issue

4. OPI suggests imposition on EGI of “a standardized, transparent connection process with fixed mandatory timelines”⁴, drawing a parallel between its proposal and analogous provisions in the OEB’s *Distribution System Code* applicable to Ontario electricity distributors.
5. EGI’s apparent response to this suggestion is that such prescription is not necessary given that “customer connections, performed using the same process, do not require such a standard”.⁵ While customers such as IGUA’s members have not sought formalization of such a standard to date, we see no reason why such formalization would be objectionable.
6. EGI goes on its evidence to set out its process for responding to Ontario producer requests for connection, though without any timelines associated with those steps. In response to OPI interrogatory 1, EGI addresses the timelines topic as follows:

Enbridge Gas attempts to provide a completed feasibility cost estimate and indication of available demand in the proposed injection location within an average of 6 to 8 weeks of the request. Timelines are heavily impacted by the complexity and uniqueness of the specific connection request as well as the ability to gather timeline information from the requestor. For this reason, Enbridge Gas cannot propose mandatory timelines or targets associated with producer connection requests.

7. While, as noted above, IGUA members have not indicated any particular problems or concerns with historical EGI connections, they see no harm, and potential benefit, in EGI being more descriptive of target timelines for responding to customer connection requests, even if in the case of producers (or other particularly complex connections) such timelines consist of broad ranges or include caveats regarding complexity or availability of information from connecting customers.

⁴ OPI Submissions, paragraph 12.

⁵ EGI May 31, 2023 Evidence, paragraph 19.

8. OPI's analogy to timelines imposed on electricity distributors is in reference to a code made by the OEB. The natural gas equivalent is the *Gas Distribution Access Rule*. In its *Decision and Procedural Order No. 3* (Jurisdiction Decision) herein the Hearing Panel found that a panel of OEB Commissioners does not have jurisdiction to create, amend or revoke rules under section 44 of the *Ontario Energy Board Act (OEB Act)*. The Hearing Panel went on to indicate that *"in exercising jurisdiction to set rates, a panel of Commissioners may impose conditions pursuant to sections 36 and 23 of the OEB Act to address those barriers [to fair and transparent access to the distribution system] to ensure that the rates will operate appropriately."*⁶
9. We thus assume that what OPI is arguing for is the incorporation in EGI's Rate M13 tariff (i.e. conditions of service) of timelines associated with EGI's producer connection process. IGUA takes no position on whether OPI's evidence has justified a need for OEB intervention in this respect. As noted above, however, IGUA sees see no harm, and potential benefit, in EGI being more descriptive of target timelines for responding to customer connection requests.

Contestability Issue

10. OPI argues that connecting customers should be entitled to obtain alternative (to EGI connection cost specification) bids for gas distribution system connection facilities work, in a manner analogous to the alternative bid processes available to electricity customers under the OEB's *Distribution System Code* and *Transmission System Code*.
11. EGI's response to this argument is set out in its responses to interrogatories 6 and 7. EGI takes the position that the entire station that connects the local gas producer to EGI's distribution system is analogous to the point at which connection work *"requires physical contact with the distributor's existing distribution system"* for the purposes of defining the contestable connection facilities demarcation point for electricity system connections.⁷

⁶ Decision and Procedural Order No. 3, page 15, first full paragraph.

⁷ EGI-Staff-6.

12. EGI goes on in response to OEB Staff interrogatory 7 to articulate essentially how safety and contractor qualification requirements require that EGI not permit producers to assume responsibility for any portions of those stations. In summary of its position, EGI states:

Enbridge Gas employs management programs across all aspects of an asset's life to ensure the safe and reliable operation of their facilities, and this includes the design, fabrication, installation and maintenance of the asset. It is for these reasons, and those identified above, that natural gas producers cannot hire the same contractors that Enbridge uses and provide an equivalent product.

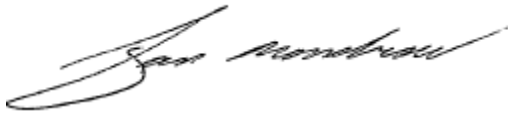
13. IGUA members disagree. The asserted qualifications are those of the contractors, and there is no reason why customers could not hire the same, or equivalently qualified and certified, contractors, to work on facilities for connection to EGI's system. Similar arguments were made by electricity distributors and transmitters, and rejected by the OEB, at the time of redefinition of the contestability provisions under the applicable electricity codes.
14. Regardless of who is responsible for the work on facilities up to the point of contact with EGI's existing system, EGI would (under provisions analogous to those found in the electricity codes) retain design and oversight authority in order to ensure the integrity of the connection assets constructed.
15. EGI can, and should, publish clear and reasonable standards for such facilities, and make these available to customers in conjunction with proposed customer agreements. Adherence to such standards can and should be a condition for connection.
16. While IGUA members are admittedly not expert on gas injection facilities, considering EGI's evidence it does seem that such standards could encompass station "*measurement, pressure control, gas quality and odorization*" facilities, require for each of the station components "*material traceability*", and require that "*approved installation contractors have welders approved to Enbridge Gas' standards, traceability of fabrication, and quality control records*".⁸ As long as customers, and their contractors, can adhere to such reasonable standards, there seems to be no reason why customers should not be able to undertake facilities work, up on the point of contact with EGI's existing system, if they choose to. The availability of such contestability provisions provides greater cost control

⁸ Enbridge Gas Evidence, May 31, 2023, paragraph 31.

for the benefit of the customers who ultimately pay those costs, whether or not customers choose to add such provisions or not.

17. As in the case with the connection timelines issue, in respect of the contestability issue OPI draws analogy between its request for contestability for new connections work and the OEB electricity codes. Given the Hearing Panel's Jurisdictional Decision, IGUA understands that implementation in this proceeding of contestability provisions as sought be OPI, if determined by the Hearing Panel to be appropriate, would have to be by way of the Rate M13 tariff terms and conditions, rather than through the *Gas Distribution Access Rule*. It is not clear to us how such rules would be implemented by way of the Rate M13 tariff, but in any event IGUA understands that such would apply only to Rate M13 customers.

ALL OF WHICH IS RESPECTFULLY SUBMITTED by:



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