

Pilon, Janet

Subject: Correspondence to all councillors

From: Don McLean
Sent: February 19, 2020 9:27 AM
To: clerk@hamilton.ca
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Hi,

Can the following be added to the public record. I've emailed it to all councillors but been advised that sending it to you will also put it in the public record. Please confirm. Thank you.

Don

Dear councillors,

Again the late posting of agenda changes for tomorrow's meeting handicaps citizen responses (since citizen's had to apply by noon today). Consequently I urge General Issues Committee to postpone any decision to withdraw from intervention at the Ontario Energy Board in the matter of the Enbridge fracked gas pipeline.

The letter which Enbridge has submitted (item 5.1) I would suggest is deeply misleading, especially regarding the source of the additional gas that Enbridge hopes to fill this brand new pipe, and the market it believes will consume this extra flow.

Councillors who are part of Public Works Committee will recall an Enbridge spokesperson addressing the committee on June 17 and being asked where the gas was coming from. He replied without hesitation that most of it is coming from Pennsylvania and is fracked. Now Enbridge is trying to hide this basic fact about its pipeline even though that is repeatedly confirmed in the actual application that Enbridge has filed with the Ontario Energy Board.

The full application is posted on the OEB website at <http://www.rds.oeb.ca/HPECMWebDrawer/Record?q=CaseNumber%3DEB-2019-0159&sortBy=recRegisteredOn-&pageSize=400> Here are some excerpts from that application (with page numbers). Highlighting is mine.

Don McLean

35 – market demand - Demand for lower cost unconventional production in Ontario, Québec, the Maritimes and the U.S. Northeast is driving the need to develop new infrastructure to deliver this supply to markets. New infrastructure, such as NEXUS, Rover and Vector, has been built upstream of the Dawn Parkway System to accommodate this demand for lower cost production, **and the proposed Project is required to deliver this incremental supply to markets in Ontario and beyond.**

36 - the major natural gas market changes currently underway provide incentives over the long term for utilities and other large gas customers in Ontario and Québec, and the U.S. Northeast to continue to hold pipeline capacity in Ontario and to increase reliance on supplies from the Marcellus/Utica shale.

39 - annual production from U.S. and Canadian shale formations is expected to grow from about 68.1 PJ/d (approximately two thirds of total production) in 2018 to nearly 125.3 PJ/d (approximately 85% of total production) by 2040.10

41 - In 2018, natural gas production from the Utica and Marcellus natural gas shale formations began to enter Canada at the Dawn Hub through the Rover and NEXUS pipelines (via Vector and other Ontario-Michigan interconnects), displacing volumes of natural gas from Chicago previously delivered to the Dawn Hub via Vector.

46 - ICF concludes and Enbridge Gas affirms, that continued expansion of pipeline capacity in Ontario is critical to allow markets in Ontario, Québec, the Maritimes and the U.S. Northeast to diversify gas supply portfolios and to access cost effective supply through increased access to natural gas from the Dawn Hub and increased access to cost competitive natural gas from the WCSB and the Appalachian Basin.16

52 – ICF report starts

57 - The acceleration of climate change policy initiatives combined with infrastructure

development concerns that are slowing current development of new pipeline

infrastructure in the Northeastern U.S. have the potential to impact long term natural gas

demand and the development of natural gas markets.

59 - Based on our analysis, ICF concludes that the major natural gas market changes currently

underway provide incentives over the long term for utilities and other large gas customers in

Ontario and Québec, and the U.S. Northeast to continue to hold pipeline capacity in Ontario and

to increase reliance on supplies from the Marcellus/Utica shale. The Dawn Parkway System

provides economic access to these supplies at a liquid trading hub with significant pipeline and

storage infrastructure to ensure operational flexibility.

59 - The lack of new pipeline development into the U.S. Northeast limits growth in

direct access to these markets for Marcellus/Utica gas. ..., Increasing demand, and especially peak demand, in eastern Canada and the U.S. Northeast, coupled with limitations on pipeline development in New York and New England, makes Dawn an important transportation and storage location for Marcellus/Utica gas destined for those markets.

59- Climate change policy in the Northeastern US, Ontario and Québec is expected to limit

growth in annual natural gas demand. However, the lack of new pipeline development in

New York and New England is expected to ensure that existing pipeline capacity will

continue to be highly valued and utilized, particularly during peak periods, through 2040.

61 - Growth in natural gas demand will be supported by nuclear generation units'

refurbishment schedules throughout the 2020s and by the retirement of 3GW of nuclear

capacity at Pickering before 2025.

61 - In Canada, the majority of the industrial gas demand increase is from the development of the western Canadian oil sands. Excluding natural gas use for oil sands, the growth in industrial sector gas demand in the ICF Base Case is relatively small, as reducing energy intensity (i.e., energy input per unit of industrial output) remains a top priority for manufacturers.

66 - ICF believes that the recent slowdown in production is a temporary phenomenon and the production is expected to rebound as there is an abundant amount of cheap shale gas resource in the Marcellus and Utica that can be recovered at the current natural gas prices.

73 - Historically, considerable volumes of gas flowed from Ontario into the U.S. Northeast through three major pipeline paths: at Niagara (via TC Energy) into New York; at Iroquois (via TC Energy) into New York; and at East Hereford (via TC Energy) into New Hampshire. In the past several years, on an average annual basis, the flow of natural gas has reversed at Niagara.

73 - The growth in Marcellus and Utica shale gas production in the Appalachian Basin (primarily Pennsylvania, West Virginia, and Ohio) displaced gas that once was imported into New York from Ontario via Niagara, and from pipelines from the Gulf Coast. In effect, the Appalachian Basin became a major producer of gas and supplies gas to consumers throughout the eastern North America.

77 - Natural gas consumption in Ontario is expected to experience modest growth, led by expanding use in the power sector Growth in other end-use sectors will remain modest, as energy efficiency improvements offset the impact of GDP growth on residential and commercial sector demand.

78 - Currently, gas flow destined for Québec, Waddington (Iroquois), and East Hereford (PNGTS) from the Marcellus/Utica are routed through Dawn and Ontario due to the challenges associated with development of pipeline capacity directly from the Marcellus/Utica into New York and New England, as well as the access to the Dawn Hub and storage capacity in Ontario and Michigan.

84 - The growth in natural gas production in the U.S. Northeast is changing the natural gas supply balance throughout the U.S. Northeast and U.S. Midwest and into Ontario, leading to an

increase in the demand for pipeline capacity on the Dawn Parkway System.

As Marcellus and Utica production increases, natural gas prices in Appalachia are expected to decline relative to other producing regions, resulting in significant incentives to flow gas from the U.S. Northeast into Ontario through Niagara and Dawn, and the U.S. Midwest as well as south into the U.S. Mid-Atlantic and U.S. Gulf Coast.

85 - Much of the new infrastructure needed to move natural gas from the Marcellus and Utica plays to the Midwest and Ontario, for example, was provided by the NEXUS and Rover pipelines. **Additional infrastructure is needed in Ontario, however, to meet growing demand in New York, New England, Québec, and the Canadian Maritimes.**

86 - and the difficulty in building new or expanded pipeline capacity into certain U.S. Northeast markets provide sound reasons for U.S. Northeast utilities to continue to hold capacity on the Dawn Parkway System.

... Over the past few years, New York and many states within New England have been denying pipeline expansion projects and greenfield pipelines the permits that they need to begin construction. ICF expects these regulatory hurdles to remain indefinitely. Because of this, **Marcellus/Utica gas supplies for New York, New England and the Canadian Maritimes provinces will continue to flow through Dawn and Ontario before being re-imported at Waddington and East Hereford.** ... any new pipeline capacity into the U.S. Northeast is expected to be expensive, be difficult to site, and have unpredictable timing.

87 - ICF expects storage at Dawn to continue to have significant value to the U.S. Northeast utilities. ... In addition, growth in natural gas demand in the Northeastern U.S. is expected to continue due to increased reliance on natural gas for power generation, as well as residential and commercial demand growth.

88 - The pipelines that serve New York and New England via New York are fully contracted and flow at capacity during peak periods. Recent attempts at expanding those pipelines have been met with local and regional resistance.

89 - Overall, recent changes in energy policy in the Northeast US related to climate change mitigation efforts may have a significant long term impact on natural gas demand in the U.S. Northeast, impacting the need for Ontario pipeline capacity. These changes include efforts in

New York and other states and localities to promote a transition away from hydrocarbon fuels.

1) Power generation gas demand in ICF's forecast could be lower than expected. Climate change policy is likely to lead to growth in renewable generation, and potential declines in annual system throughput. ICF's forecast accounts for current and expected climate change policy changes, as well as commitments to develop new renewable capacity in New England and the U.S. Northeast. Based on our analysis of these issues, current peak gas demand levels are expected to persist.

92 - Climate change policy in the Northeastern US, Ontario and Québec is expected to hold down growth in annual natural gas demand. However, the lack of new pipeline development in New York and New England is expected to ensure that existing pipeline capacity will continue to be highly valued and utilized, particularly during peak periods, through 2040.