



CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Growth Management Division

TO:	Mayor and Members Committee of the Whole
COMMITTEE DATE:	June 3, 2020
SUBJECT/REPORT NO:	Enbridge Gas Inc. City of Hamilton Natural Gas Expansion Projects for submission to the Ontario Energy Board and the Ministry of Energy Natural Gas Expansion Program (PED20099) (Wards 11 and 12)
WARD(S) AFFECTED:	Wards 11 and 12
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SUBMITTED BY:	Tony Sergi Senior Director, Growth Management Planning and Economic Development Department
SIGNATURE:	

RECOMMENDATION

That the City of Hamilton provide a letter of support attached as Appendix “B” to Report PED20099 for the submission by Enbridge Gas Inc. to the Provincial Government’s Natural Gas Expansion Projects for the Airport Employment Growth District and Red Hill Business Parks, and individual applications for the rural settlement areas of Rockton; Sheffield, Westover; and Alberton, with no financial contribution.

EXECUTIVE SUMMARY

The Ontario government has announced its intention to further increase access to natural gas by making additional projects eligible for financial support through the Natural Gas Expansion Project to serve communities that are not currently connected or underserved with respect to natural gas services.

Projects that can commence construction between 2021 and 2023 are eligible for a share of \$130 million in ratepayer funded financial support. The Province has asked the Ontario Energy Board (“OEB”) to compile a list of potential projects.

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Accordingly, the OEB put out a request for proposals to proponent's for potential projects. Of note, as part of any submission to the OEB, requires the proponent to secure support from the municipality and identification of any financial support.

Enbridge Pipeline Inc., being a proponent, has identified five potential projects ("Projects") within the City of Hamilton, being the expansion of natural gas services to facilitate existing and future developments within the Airport Employment Growth District and Red Hill Business Parks; and, individual applications to provide natural gas services to the rural settlement areas of Rockton; Westover; Sheffield; and Alberton.

As the proposed Enbridge Gas Inc. Projects would service and encourage development within the Business Parks, by ensuring shovel ready natural gas service for existing and future developments; while also providing services to underserved rural settlement areas, it is recommended that the City endorse the Projects with no financial support.

Alternatives for Consideration – See Page 6

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: This report is not recommending any commitment of City financial support at this time.

Should any of the Projects be selected under the Ministry of Energy Natural Gas Expansion Program; and, a preferred option and route be subsequently identified, the City will conduct a more detailed analysis of the individual undertakings, subject to receipt of the required information, in order to determine if a financial contribution by the City is supportable.

Staffing: There are no staffing implications associated with this report.

Legal: As preferred options or routes have not been identified at this time, staff are unable to identify the potential legal implications of the Projects, with respect to any potential resulting legal agreements, securities, etc. that may be required to facilitate the Project.

HISTORICAL BACKGROUND

On December 12, 2019, through a letter issued under Section 35 of the *Ontario Energy Board Act, 1998*, the Minister of Energy, Northern Development and Mines, with the support of the Associate Minister of Energy, asked the OEB to examine potential projects

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and report back to the Ministry as an input to assist the government in making a determination on future expansion projects.

On March 5, 2020, the OEB issued its final Guidelines for Potential Projects to Expand Access to Natural Gas Distribution. Interested project proponents that wish to file project information for inclusion in the OEB's report to the Ministry must do so by June 3, 2020, in accordance with the final Guidelines.

The OEB is expected to report back to the Ministry by August 31, 2020. A focus of the OEB's review will be whether the proposed projects can be implemented substantially as proposed.

Among other things, the OEB will analyse the proposed project costs and timelines, as well as the technical expertise and financial capability of proponents not already regulated by the OEB. Proponents will be expected to demonstrate local support for their projects, as well as a commitment to be held to the costs, timelines and volume forecasts for their projects as filed with the OEB.

Considering the above, Enbridge Gas Inc. intends to submit the proposed five Projects for the expansion of Natural Gas services for the Airport Employment Growth District and Red Hill Business Parks; and, individual applications to service the rural settlement areas of Rockton; Westover; Sheffield; and, Alberton, to the OEB for approval under the Ministry of Energy Natural Gas Expansion Program.

On May 6, 2020, Enbridge Gas Inc. wrote to the City of Hamilton requesting support for application to the Provincial Natural Gas Expansion Program for the Airport Employment Growth District, received by Council on May 13, 2020; and, was subsequently referred to staff. The additional rural settlement areas were added upon subsequent discussion by Staff with Enbridge Gas Inc. on May 14th and 19th, 2020, respectively.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

The Province, under Section 35 of the *Ontario Energy Board Act, 1998*, have asked the OEB to examine potential projects and report back on future expansion projects for approval under the Ministry of Energy Natural Gas Expansion Program by June 3, 2020.

Accordingly, Enbridge Gas Inc., seeks to file project information for the expansion of natural gas services to the Airport Employment Growth District and Red Hill Business Parks; and, also for individual applications to service the rural settlement areas of Rockton; Westover; Sheffield; and, Alberton with the OEB; for approval under the Ministry of Energy Natural Gas Expansion Program.

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Per the Guidelines for submission, a letter of support is required from the City along with the identification of any financial support from the City for the Project.

Of note, submission of the Project by the Proponent, Enbridge Pipeline Inc. does not ensure selection by the OEB as a potential, nor approval for funding under the Ministry of Energy Natural Gas Expansion Program should it be submitted by the OEB.

RELEVANT CONSULTATION

The City of Hamilton Growth Management and Economic Development Divisions met with Enbridge Gas Inc. on April 20, 2020, with additional detailed discussions on April 24, 2020 which identified the Airport Employment Growth District and Red Hill Business Park Project.

An additional meeting with Enbridge Gas Inc was held on May 14th, 2020, which resulted in the additional individual projects for servicing the rural settlement areas of Rockton; Westover; and, Sheffield. Upon further discussion with Enbridge Gas Inc, the rural settlement area of Alberton was added as a project on May 19, 2020.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

Enbridge Pipeline Inc., proposes five applications, being a project to expand natural gas services to the Airport Employment Growth District and Red Hill Business Parks; and, individual applications for the expansion of services to the rural settlement areas of Rockton; Westover; Sheffield; and, Alberton for submission under the Ministry of Energy Natural Gas Expansion Program. All submissions are to be made to the OEB by June 3, 2020, for consideration.

In order for Enbridge Gas Inc. to submit the Projects for inclusion in the OEB report to the Ministry, the municipality must provide a Council Resolution supportive of the Projects and identify if a financial contribution to project costs will be provided.

The Project descriptions are of a high-level nature at this time, being to establish the required infrastructure to service the identified business parks; and the rural settlement areas. However, no specific undertakings have been identified at this time. Any future specific undertakings will be reviewed through future subsequent OEB applications should the Projects be selected for funding by the Province.

The preferred options or route have not been identified, and staff are therefore unable to evaluate or comment on the Projects specifics, Accordingly, it is requested that the City be

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provided sufficient time to review any subsequent proposals upon identification by the Ministry and / or application to the OEB.

Furthermore, as part of this review, staff request sufficient time to also evaluate partnering with respect to the timing of project construction, in order to leverage other municipal works occurring along the same corridor.

In review of the Business Park project study area attached as Page 1 of Appendix "A" to Report PED20099, staff note 26 active development applications within the Airport Employment Growth District yielding 552 single detached dwellings; 5 semi-detached dwellings; 853 townhouse dwellings; 1,327 apartments; and 7,203,279 square feet of non-residential development.

With respect to the Red Hill Business Park staff note 11 development proposals; however, only six of these proposals have identified a development envelope, yielding 1,056,434 square feet of non-residential development.

Accordingly, this proposed Enbridge Gas Inc. project would currently facilitate 552 single detached dwellings; 5 semi-detached dwellings; 853 townhouse dwellings; 1,327 apartments; and 8,259,713 square feet of non-residential development; and, would further encourage development within the Airport Employment Growth District and Red Hill Business Park, by ensuring shovel ready natural gas service for future development proposals.

Additionally, as part of a collaborative exercise between our Economic Development Division and Enbridge Gas Inc., a non-binding Expression of Interest estimating the number of new direct jobs; indirect jobs; and, total site investment related for each site from 2020 through to 2030, was initiated after the initial meeting of April 24, 2020.

As of May 13th, 2020, Enbridge Gas Inc. had received 11 non-binding responses to their Expression of Interest, with an estimated collective investment total of over \$1.35 billion; and, an aggregated total of 6,030 direct jobs and 5,420 indirect jobs.

It should be noted that these are potential development yields and jobs; and, may therefore fluctuate when brought to market. Notwithstanding, the project scope will ensure adequate natural gas services for the development of the Airport Employment Growth District and Red Hill Business Park.

Lastly, the individual projects to service the rural settlement areas of Rockton; Westover; Sheffield; and, Alberton, attached as Page 2 of Appendix "A" to Report PED20099, will benefit residents within these areas with a guaranteed source of Natural Gas.

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If the project is selected for the respective rural settlement area, each resident in the project area who signs up will have a system expansion surcharge added to their bills for a defined term (40 years). Notwithstanding, the project will result in hundreds-to-thousands of dollars in cost savings per year for residents depending on their current energy source, even with the system expansion surcharge added.

Therefore, staff are recommending that the City provide a letter of support attached as Appendix “B” to Report PED20099 for the submission by Enbridge Gas Inc. to the Provincial Government’s Natural Gas Expansion Project for the five identified individual Projects, with no financial contribution from the City.

ALTERNATIVES FOR CONSIDERATION

Should Council decide not to endorse the letter attached as Appendix “B” to Report PED20099, Enbridge Gas Inc., would not be able to complete their submission to the Ontario Energy Board and the Ministry for consideration of the five Projects, being the expansion of natural gas services to the Airport Employment Growth District and Red Hill Business Parks; and, the individual applications for expansion of natural gas services to the rural settlement areas of Rockton; Westover; Sheffield; and Alberton.

Of note, endorsing Appendix “B” also does not guarantee selection of the Projects by the OEB for submission to the Ministry of Energy Natural Gas Expansion Program, nor does it guarantee selection of the Projects by the Ministry under this program if submitted by the OEB.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Economic Prosperity and Growth

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

Built Environment and Infrastructure

Hamilton is supported by state-of-the-art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

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APPENDICES AND SCHEDULES ATTACHED

Appendix “A” – Proposed Natural Gas Expansion Project Area – Airport Employment Growth District and Red Hill Business Parks; and, the rural settlement areas of Rockton; Westover; Sheffield; and Alberton

Appendix “B” – Letter of Support to Enbridge Gas Inc., regarding the Expansion of Natural Gas Services Projects in the City of Hamilton, for Submission to the Ontario Energy Board and Ministry of Energy Natural Gas Expansion Program

AC/GP/sd