

February 22, 2024

Your Worship and Members of Council,

I am writing to make you aware of the inaccurate claims that are stated in the motion for Item 7.5, Support for the decision of the Ontario Energy Board to end the gas pipeline subsidy, brought forward by Councillor Craig Cassar and seconded by Councillor Maureen Wilson. This motion relates to parts of the Ontario Energy Board's (OEB) decision on Phase 1 of the [Enbridge Gas 2024 rate rebasing application](#), issued on December 21, 2023. We have encouraged municipalities and stakeholders to become familiar with the impacts this OEB decision will have on their communities. The stakes are high.

The motion states that new natural gas connections are subsidized by the existing customer base. There was questioning and discussion amongst council to confirm what was stated in the motion – will existing customers in Hamilton pay for new gas connections. **This is simply not true. Sharing this misleading misinformation could have damaging ramifications if decisions are made without accurate facts.**

Enbridge Gas abides by OEB rules and requirements that prevent the subsidization of new natural gas connections by existing natural gas customers. The underlying OEB policy, EBO-188, protects existing rate payers from the cost of expanding the natural gas system and ensures costs are appropriately borne by the customers who will benefit from the new infrastructure. EBO-188 allows the cost to connect to the natural gas system to be spread over a defined time period, which has historically been – as approved by the OEB – up to 40 years. Natural gas infrastructure does not receive any subsidies from the Government of Ontario, unlike the heavily subsidized electricity system. The [Natural Gas Expansion Program](#) is a Government of Ontario program to help expand access to natural gas to areas across Ontario that do not have access to the natural gas distribution system.

Enbridge Gas' 2024 rate rebasing application was designed to provide our customers with safe and reliable natural gas services at a reasonable cost – at a time when affordability is a priority of all levels of government. Our application included measured steps to help Ontario advance to a net zero future that holds customer choice, energy security, resiliency, and affordability as key principles to consider in making energy infrastructure decisions. **It's indisputable that natural gas plays a critical role in Ontario's energy evolution and supports the reliability of Ontario's electricity system.** Natural gas meets 30 percent of Ontario's energy needs, which can not be easily or quickly replaced. Underground natural gas infrastructure also provides resiliency because it is not affected by weather events that impact the electricity grid.

Ontario is facing a housing supply and affordability crisis. However, the OEB's decision will increase the price of new connections by thousands of dollars, introducing an additional real barrier to affordability. A [letter issued from RESCON](#) to Minister Smith dated January 31, clearly states that every effort must be made to ensure the homes Ontarians need now are built as we grapple with the most serious and enduring housing affordability and supply crisis. Affordable energy, including natural gas, needs to be part of the equation.

Councillor Cassar stated that "construction of methane pipelines are inconsistent with the City's climate targets and will result in higher emissions." However, the proposed Hamilton Reinforcement Project is expected to remove approximately 3M tonnes of CO2 emissions per year, making it a key component to Hamilton's own emissions reduction ambitions – a substantial 55%. The OEB decision strips Enbridge's capital budget of \$300M this year and billions over the next five years putting projects at risk. This will lead to difficult investment choices – every necessary dollar will go to ensuring we serve our existing customers safely and reliably before we make additional investments to support Hamilton's sustainability, economic development, and competitiveness goals. Constraining access to natural gas through a reduction in capital will significantly limit the future development of essential energy infrastructure vital to Ontario's economy, from which all Ontarians benefit. Leveraging existing natural gas infrastructure and investing in lower-carbon alternatives such as renewable natural gas and hydrogen— in addition to electricity—is critical to the province's energy transition.

In addition to conflicting with both housing affordability and Ontario's energy transition ambitions, the OEB's decision ignores the fact that there is currently not enough electricity to replace the energy provided by natural gas and meet the increased demand from the electrification of technologies, such as heat pumps and personal vehicles.

We have challenged the OEB's decision by filing a motion to review and vary the decision and seeking a judicial review of the decision. Please reach out to discuss the implications of this decision on Hamilton, and the broader implications for Ontario's prosperity and growth. As local leaders, your voice and influence matters – and so do the facts.

Sincerely,

A handwritten signature in cursive script that reads "Malini Giridhar".

Malini Giridhar
Vice President, Regulatory and Business Development
Enbridge Gas Inc.