



## **REPORT**

**REPORT TO:** Mayor Bonnette and Members of Council

**REPORT FROM:** Graham Lowe, Senior Economic Development Officer

**DATE:** May 19, 2020

**REPORT NO.:** ADMIN-2020-0013

**RE:** Enbridge Natural Gas Expansion Project – Ballinafad, Limehouse  
Silver Creek

### **RECOMMENDATION:**

THAT Report No. ADMIN-2020-0013, dated May 19, 2020, regarding the Enbridge Natural Gas Expansion Project to Ballinafad, Limehouse and Silver Creek, be received;

AND FURTHER THAT Council formally support an application submitted by Enbridge Gas Inc. to the Government of Ontario's Provincial Natural Gas Expansion Support Program in order to expand the natural gas system to service Halton Hills in Ballinafad, Limehouse and Silver Creek;

AND FURTHER THAT Council support making a financial contribution towards the proposed project in an amount equivalent to the property tax that would be recovered on the new natural gas infrastructure for a period of 10 years as a financial support to the proposed project per the Ontario Energy Board (OEB) guidelines for the Natural Gas Expansion Support Program;

AND FURTHER THAT Council endorse Mayor Bonnette providing a letter of support to Enbridge;

AND FURTHER THAT a copy of this resolution be forwarded to Enbridge for inclusion in their application to the Ontario's Natural Gas Expansion Support Program.

### **BACKGROUND:**

The Province of Ontario announced the Natural Gas Expansion Support Program Phase 2 in December, 2019. Enbridge proposes to provide natural gas to Ballinafad, Limehouse and Silver Creek. As part of the program, Enbridge (the natural gas

distributor – formerly Union Gas) must be the applicant for the funding and the Town must support the application through a resolution and financial support.

The recently announced Province of Ontario Natural Gas Expansion Support Program Phase 2 closes on June 3, 2020 and requires applications to be made by the natural gas distributor, who in the Town of Halton Hills' case is Enbridge, in partnership with the local municipality. Applications require a financial business case to support the expansion of gas services to each community as well as support of the local municipal Council through a Council resolution and financial support.

### **COMMENTS:**

Town staff have responded to Enbridge's proposal/plans to expand natural gas services to Ballinafad, Limehouse and Silver Creek.

Previously, in July 2017, Council passed a recommendation (Recommendation No. GC-2017-0044, related to report FIN-2017-0028 dated June 19, 2017) to formally support an application submitted by Union Gas (now Enbridge) to the Government of Ontario, for a grant from the provincial Natural Gas Grant Program. This application was not successful.

Based on Enbridge Gas' analysis, the number of properties in Ballinafad, Limehouse and Silver Creek can support a financial business case and meet the criteria for another Provincial Natural Gas Program application. The proposed project will provide natural gas services to approximately 500 new customers in Halton Hills. The scope of the project is not limited to the 'core' of each of the three communities, and will also include surrounding areas.

If the funding application is approved by the Province, Enbridge and the Town would further refine the project details and enter into an agreement outlining the project conditions, funding commitments and timing. It is anticipated that work may commence as early as 2021 or 2022. Prior to the start of construction, Enbridge has committed to confirming their construction plans with the appropriate Town staff in order to meet Town standards for natural gas installations.

### **RELATIONSHIP TO STRATEGIC PLAN:**

Implementation of the Enbridge Natural Gas Expansion Project to Ballinafad, Limehouse and Silver Creek relates to the following Strategic Objectives:

- **Foster a Healthy Community:** To maintain and enhance a healthy community that provides a clean environment and a range of economic and social opportunities to ensure a superior quality of life in our community.

- **Preserve, Protect and Enhance our Environment:** To preserve, protect and enhance our natural environment for the health benefits and enjoyment it provides to present and future generations.
- **Foster a Prosperous Economy:** To maintain and enhance the economic vitality of the Town through the provision of a wide range of opportunities for economic development.
- **Provide Responsive, Effective Municipal Government:** To provide strong leadership in the effective and efficient delivery of municipal services.

The proposed project also aligns with Council's priority of "shaping growth" from an economic development perspective, as well as supporting climate change initiatives by providing residents with more sustainable sources of energy.

## **FINANCIAL IMPACT:**

The Province of Ontario requires lower tier municipalities to financially contribute to the applications being made as part of the program. That said, the Province is allowing the municipal contribution to be made through a granting back of the incremental increase on the taxes on the Enbridge Ballinafad, Limehouse and Silver Creek gas expansion system for a minimum period of 10 years. Enbridge would pay the annual taxes and the Town would grant back the taxes over 10 years.

For the Ballinafad, Limehouse and Silver Creek projects, the incremental tax equivalent (ITE) is revenue neutral for Halton Hills for the first 10 years, and is cash flow positive for years 11- 40, as Halton Hills will get the incremental property tax for the last 30 years of the forecasted asset life (and beyond). For Limehouse, the estimated ITE that would be recovered on the new infrastructure assets is approximately \$640 annually or \$6,400 over 10 years. The estimates for Silver Creek and Ballinafad were calculated together, and the estimated ITE that would be recovered on the new infrastructure assets is approximately \$3,800 annually or \$38,000 over 10 years. After year 10, the ITE is cash flow positive for the remaining 30 years of the forecasted life of the assets.

If the project is approved, each resident in the project area who opts to sign-up will have a system expansion surcharge added to their bills for a defined term (40 years). According to Enbridge, 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. Please see the table, as appended, which shows

the average cost savings versus other energy sources for a family of four's average yearly consumption. The natural gas figure shown includes the system expansion surcharge added into the total cost.

#### **INTERNAL CONSULTATION:**

The contents of this report were discussed with Transportation and Public Works, and Finance staff.

#### **PUBLIC ENGAGEMENT:**

The Town has not done public engagement for this project as it is an Enbridge Gas initiative. Enbridge has done outreach and customer surveys which found a high interest for the project in Ballinafad. Based on this outreach, Enbridge determined that the community interest, economics and customer density were strong enough to extend the project to the two nearby communities of Silver Creek and Limehouse.

#### **SUSTAINABILITY IMPLICATIONS:**

The Town is committed to implementing our Community Sustainability Strategy, Imagine Halton Hills. Doing so will lead to a higher quality of life.

The recommendation outlined in this report advances the Strategy's implementation.

This report supports the Environmental Health and Economic Prosperity pillars of Sustainability and in summary the alignment of this report with the Community Sustainability Strategy is Excellent.

#### **COMMUNICATIONS:**

There is no direct Communications impact as this is an Enbridge initiative. Going forward, any relevant information/notices may be posted on the Town's website, as appropriate.

**CONCLUSION:**

Access to natural gas infrastructure is limited in parts of the Town of Halton Hills. Increased access will provide more affordable and reliable energy. In addition, access to natural gas will provide residents currently using higher emitting fuels with a lower carbon energy source that will help reduce greenhouse gas emissions.

Reviewed and Approved by,

A handwritten signature in black ink that reads "Damian Szybalski". The script is cursive and fluid.

Damian Szybalski, Director of Economic Development, Innovation & Culture

A handwritten signature in black ink that reads "Brent Marshall". The script is cursive and fluid.

Brent Marshall, Chief Administrative Officer