



Date: Tuesday, February 7, 2023

From: Kevin Verkindt, Manager of Engineering and Infrastructure

Subject: Adoption of Franchise Agreement Renewal with Enbridge Gas Inc.

Report DEV-2024-006

This document and its attachments are public and available in an accessible format upon request.

Recommendation

That Council approve the form of draft by-law and franchise agreement attached as Schedule "A" to the report and authorizes the submission thereof to the Ontario Energy Board for approval pursuant to the provisions of Section 9 of the Municipal Franchises Act; and

That Council request that the Ontario Energy Board issue an Order declaring and directing that the assent of the municipal electors to the draft bylaw and franchise agreement attached as Schedule "A" to the report pertaining to the Corporation of the Township of Georgian Bluffs is not necessary pursuant to the provisions of Section 9(4) of the Municipal Franchises Act; and

That staff be directed to present a by-law at a future meeting of Council authorizing the Mayor and Clerk to execute the franchise agreement attached as Schedule "A" to the report.

Background

The Municipal Franchises Act (Ontario) requires a by-law to enable public utilities to operate within a municipality. The by-law must set forth the terms and conditions under which the utility may provide services. To facilitate the drafting of these terms and conditions for natural gas utilities, the Association of Municipalities of Ontario ("AMO") and the natural gas industry have adopted a model gas distribution agreement, or a model "franchise agreement".

Enbridge Gas Inc. ("Enbridge") currently provides natural gas services within the Township pursuant to an existing franchise agreement executed by its predecessor, Union Gas Limited. The existing agreement expires on September 1, 2024.



Analysis

Enbridge seeks to enter a new agreement with the municipality. The terms of the new agreement are the same as the existing one, both being based on the model franchise agreement adopted in 2004.

The proposed agreement sets out the following terms:

- The Township consents to the distribution, storage and transmission of gas by Enbridge within the Township of Georgian Bluffs;
- The Township grants Enbridge the right to enter upon all roads and walkways under the municipal jurisdiction to lay, construct, maintain, replace, remove, operate and repair its gas system;
- Enbridge agrees to indemnify the Township for all damages or injuries arising out of the operation, construction and maintenance of its gas system in the Township of Georgian Bluffs, excepting damage or injury caused by a wrongful act or negligence of the Township;
- The term of the agreement is 20 years from the date of final passing of the authorizing by-law; and
- Within two years of the agreement's expiration, either party may give notice to the other that it seeks to enter into negotiations for a renewed agreement.

The approval of the draft form of by-law and franchise agreement will result in status quo. The approval will likely preclude the matter from being the subject of an Ontario Energy Board hearing, which may result in costs.

Financial Impact

If Council approves the recommended option, the financial impact of the franchise agreement will be limited to situations where relocation of gas system infrastructure is required for the purpose of improving highways or municipal works according to the cost-splitting mechanism in the franchise agreement (35% and 65% to the Township and Enbridge, respectively). This is, however, not a new financial impact and reflects the franchise agreement already in place. Enbridge has advised that this split has been in place since 1987.



Strategic Priorities

1. Improve Communication, Collaboration and Transparency
2. Foster Economic Growth
3. Demonstrate and Enhance Environmental Stewardship
4. Increase Available Community, Recreational and Social Opportunities
5. Deliver Effective and Cost-Efficient Services

Conclusion

Enbridge Gas Inc. (“Enbridge”) currently provides natural gas services within the Township pursuant to an existing franchise agreement executed by its predecessor, Union Gas Limited. The existing agreement expires on September 1, 2024.

Enbridge seeks to enter a new agreement with the municipality. The terms of the new agreement are the same as the existing one, both being based on the model franchise agreement adopted in 2004.

Respectfully Submitted:

Kevin Verkindt, Manager of Engineering & Infrastructure
Niall Loble, Chief Administrative Officer
Carly Craig, Manager of Legislative Services / Clerk
Rayburn Murray, Deputy Clerk
Brittany Drury, Director of Corporate Services



Report Approval Details

Document Title:	Adoption of Franchise Agreement Renewal with Enbridge Gas Inc.docx
Attachments:	<ul style="list-style-type: none">- Schedule 'A' Model Franchise Agreement .pdf- Bylaw and Franchise Agreement - Georgian Bluffs (September 1, 2004).pdf- Draft Resolution - Township of Georgian Bluffs.docx- Draft Bylaw - Township of Georgian Bluffs.docx
Final Approval Date:	Jan 31, 2024

This report and all of its attachments were approved and signed as outlined below:

Niall Loble, Chief Administrative Officer