



NEB Enbridge Line 9 Reversal Project Decision

Background

Last March 6th, the National Energy Board (NEB) released its decision on Enbridge's request to reverse the flow of Line 9 which extends from Hamilton to Montreal, running contiguously with Lake Ontario and the St. Lawrence and cutting through the Greater Toronto area. In addition to reversing the flow, Enbridge was seeking approval for an increase in capacity and a change in the nature of the product being transported, from refined oil to unrefined diluted bitumen (dilbit). The reversal will allow Western oil from Alberta to be transported to a Montreal terminal to be refined and then distributed to eastern markets.

This decision follows NEB hearings in Montreal and Toronto last autumn, when many participants expressed concerns about the integrity of the pipeline spill risk and response in emergencies. The Cities Initiative made an oral presentation to the NEB panel on October 16th. Amongst the key Cities Initiative recommendations were a 1-regulation exemption request, 2-additional monitoring and prevention actions of the company, 3-better knowledge of potential environmental impacts on water resources, 4-proper emergency preparedness, response and clean-up operations capacity, 5-the creation of a spill contingency (or liability) fund and 6-full transparency relative to any future Line 9 extension towards further terminal points on the Eastern seaboard.

Seven Cities Initiative members, including the City of Hamilton, the Region of Halton, the City of Mississauga, the City of Toronto, the Town of Ajax, the City of Kingston and the City of Montréal also provided input into the NEB review process.

20 North Wacker Drive, Suite 2700, Chicago, Illinois 60606 ~ (312) 201-4516 phone ~ (312) 407-0038 fax
www.glslicities.org

Keith Hobbs, Mayor of Thunder Bay, Chair

Régis Labeaume, President of Québec Metropolitan Community, Vice-Chair

John Dickert, Mayor of Racine, Secretary-Treasurer



Main Points

The NEB approves the project while imposing conditions (as laid down in Ordonnance XO-E101-003-2014 and Order XO-E101-003-2014) and described in the accompanying *Reasons for Decision* document, but denied the company's request to start operations when it believes it is ready, before conditions met and the pipeline inspected. This decision meets the Cities Initiative first recommendation to refuse Enbridge's regulation exemption request to immediately start the reversal process.

The main conditions established by the NEB require Enbridge to conduct additional verification activities to ensure pipeline integrity, which echoes the Cities Initiative second request for additional monitoring and prevention actions of the company. These activities include a remaining life analysis and a rupture pressure ratio analysis, plus the filling of the Company's hydrostatic pressure testing program, albeit with existing data, and not with a new test.

The NEB also requires an update of the Line 9 mainline valves system as well the setting up of a project-specific *Watercourse Crossing Management Plan* (WCMP) which would identify the current watercourse crossing conditions and demonstrate how Enbridge will proactively manage them. But while these two last conditions could provide increased protection to water resources along the pipeline's route, the NEB conditions do not include any increased knowledge of potential environmental impacts on water resources, as a flow modeling study in the case of a rupture, as formulated as the Cities Initiative's recommendation no. 3.

Other significant NEB conditions include increased emergency planning with first responders, notably through an update and implementation of Enbridge's continuing education program (including emergency management exercises), liaison program and consultation activities on emergency preparedness. The Company will have to inform the NEB on a regular basis of the regulatory authorities, municipalities and first responders that have been or will be consulted.

20 North Wacker Drive, Suite 2700, Chicago, Illinois 60606 ~ (312) 201-4516 phone ~ (312) 407-0038 fax
www.gslcities.org

Keith Hobbs, Mayor of Thunder Bay, Chair

Régis Labeaume, President of Québec Metropolitan Community, Vice-Chair

John Dickert, Mayor of Racine, Secretary-Treasurer



While these conditions addresses partly our recommendation no.4 for proper emergency preparedness and increased response capacity, the NEB does not, other than the required reporting by the Company, set any precise standards other than the respect of its *Onshore Pipeline Regulations* (or OPR) nor offer options or resources that would help local communities and other first responders to better face any significant events related to the pipeline. Also, the NEB decision does not specifically address the issue of possible clean-up operations and related implications for the Company beyond initial response.

It is to be noted however that these NEB conditions mostly imply a principle of Company self-regulation, and do not detail who (e.g. governmental ministries or other third-party expertise) would evaluate Enbridge's compliance.

As for the Cities Initiative recommendation 5-the creation of a spill contingency (or liability) fund and ensure of proper insurance coverage, it was not retained by the NEB, which consider Enbridge to be a well-capitalized corporation which can satisfy any clean-up and mitigation obligations by drawing upon its substantial financial resources. To be noted, one member of the Board, M. Richmond, dissented on this matter, and would have recommended the inclusion of financial and insurance guarantees from the Company.

Finally, the NEB Board concludes that Enbridge's project is economically feasible, has been justified, as demonstrated by the existence of long-term service agreements (or TSAs) and that the facilities are expected to be used and useful for the economic life of the project. Contrary to the Cities Initiative recommendation no.6, the NEB decision does not address any future line 9 extension towards further terminal points on the Eastern seaboard nor ask for long term commitments from the Company that would insure the continuation of its terminal activities in Montreal.

20 North Wacker Drive, Suite 2700, Chicago, Illinois 60606 ~ (312) 201-4516 phone ~ (312) 407-0038 fax
www.glslicities.org

Keith Hobbs, Mayor of Thunder Bay, Chair

Régis Labeaume, President of Québec Metropolitan Community, Vice-Chair

John Dickert, Mayor of Racine, Secretary-Treasurer



Conclusion / Next Steps

Since this a final and non-reviewable decision by the NEB's, any further actions to pursue our organization's objectives and recommendations must therefore be issued to relevant governmental ministries and agencies, as well to the Enbridge Company itself. Complementary to our Fossil Energy Framework, staff will work in the upcoming weeks with concerned members to identify key concerns and requests, notably regarding communications, preparedness and safety measures, to be synthesised in a letter to be sent to Enbridge.

20 North Wacker Drive, Suite 2700, Chicago, Illinois 60606 ~ (312) 201-4516 phone ~ (312) 407-0038 fax
www.glsclcities.org

Keith Hobbs, Mayor of Thunder Bay, Chair

Régis Labeaume, President of Québec Metropolitan Community, Vice-Chair

John Dickert, Mayor of Racine, Secretary-Treasurer