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Ontario Energy Board Approves Hydrogen Blending Pilot Project

By David Stevens

On October 30, 2020, the Ontario Energy Board (OEB) issued a decision approving an application from Enbridge Gas Inc. (Enbridge Gas) to pursue a pilot project involving the blending of hydrogen with conventional natural gas distributed to customers as a means to reduce greenhouse gas (GHG) emissions.* In its decision, the OEB granted approval for Enbridge Gas to construct facilities to enable this pilot project, and also approved rate-related treatments to ensure that those ratepayers who receive blended gas do not pay more than other ratepayers.

The approved pilot project involves blending conventional natural gas with up to 2% of hydrogen gas (blended gas) for distribution within an isolated portion of Enbridge Gas's existing distribution system in the City of Markham, referred to as the Blended Gas Area (BGA). Because hydrogen is a no-emissions fuel source when it is combusted, combining hydrogen into distributed natural gas will reduce the overall carbon footprint of the natural gas consumed by customers in the BGA. One thing to note is that because hydrogen has a lower heating value than conventional natural gas, it takes more volume of hydrogen than natural gas to provide the same energy content. The result is that customers receiving blended gas will have to consume marginally more volumes than customers receiving conventional natural gas. The OEB approved a rate rider to compensate customers in the BGA for the cost of the extra gas volumes to be consumed.

The pilot project will see the delivery of blended gas to approximately 3,600 customers in the BGA. As explained in the OEB's decision, the goal of the pilot project is to provide insight for Enbridge Gas into the use of hydrogen as a method for decarbonizing natural gas for the purpose of reducing GHG emissions. The pilot project is indicated to be the first phase of Enbridge Gas's plans to consider other locations within its distribution system in which blended gas could be distributed, including a larger area connected to the BGA that could be supplied with blended gas using the same facilities that have been approved.

Under the OEB's Conditions of Approval for the pilot project, Enbridge Gas is required to inform the OEB before proceeding with additional phases of blended gas distribution. Also, after five years of operational experience, Enbridge Gas is required to file a report with the OEB that addresses, among other things, costs of the project, any evidence of negative impacts on the distribution system and end use appliances, conclusions arising from project-generated knowledge (e.g., risks/mitigations), and recommendations for next steps (e.g., discontinue or expand the project, adjust the concentration of hydrogen) and the potential timing of any related applications to the OEB.

*David Stevens assisted Enbridge Gas with this application.

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