



# **Natural Gas Grant Program**

## **2017 PROGRAM GUIDELINES**

**MINISTRY OF INFRASTRUCTURE**

## Table of Contents

<b>Program Overview.....</b>	<b>2</b>
<b>Applying under the Grant Program .....</b>	<b>3</b>
<b>Program Guidelines .....</b>	<b>5</b>
<b>1. Who can apply? .....</b>	<b>5</b>
<b>2. What types of projects are eligible? .....</b>	<b>5</b>
<b>3. What project costs are eligible? .....</b>	<b>6</b>
<b>4. What is the role of municipalities and First Nations? .....</b>	<b>6</b>
<b>5. What share of project costs will the program cover? .....</b>	<b>7</b>
<b>6. What criteria will be used to evaluate applications? .....</b>	<b>7</b>
<b>7. What is the role of the Ontario Energy Board? .....</b>	<b>10</b>
<b>8. How does the program align with new rules issued by the Ontario Energy Board? .....</b>	<b>12</b>
<b>9. What if more than one distributor or supplier is interested in expanding natural gas service to the same project area? .....</b>	<b>12</b>
<b>10. Some distributors already have a Certificate to serve a municipality but a portion of the municipality is still not served. Is that the only distributor or supplier that can apply under the Grant Program? .....</b>	<b>13</b>
<b>11.Can individual property owners apply to the Grant Program directly? .....</b>	<b>13</b>
<b>12.Is there a duty to consult with Indigenous groups? .....</b>	<b>13</b>
<b>13.When do projects need to be completed? .....</b>	<b>14</b>
<b>14.How many intakes are planned? .....</b>	<b>14</b>
<b>15.How many applications can be submitted? .....</b>	<b>14</b>
<b>16.When will applicants be notified of the results? .....</b>	<b>14</b>
<b>17.When will successful applicants receive grant funding? .....</b>	<b>14</b>
<b>18.What are the obligations of successful grant recipients? .....</b>	<b>14</b>
<b>19.What are the reporting requirements? .....</b>	<b>15</b>
<b>20.How do you submit an application? .....</b>	<b>15</b>
<b>21.Where can I get more information? .....</b>	<b>15</b>

## Program Overview

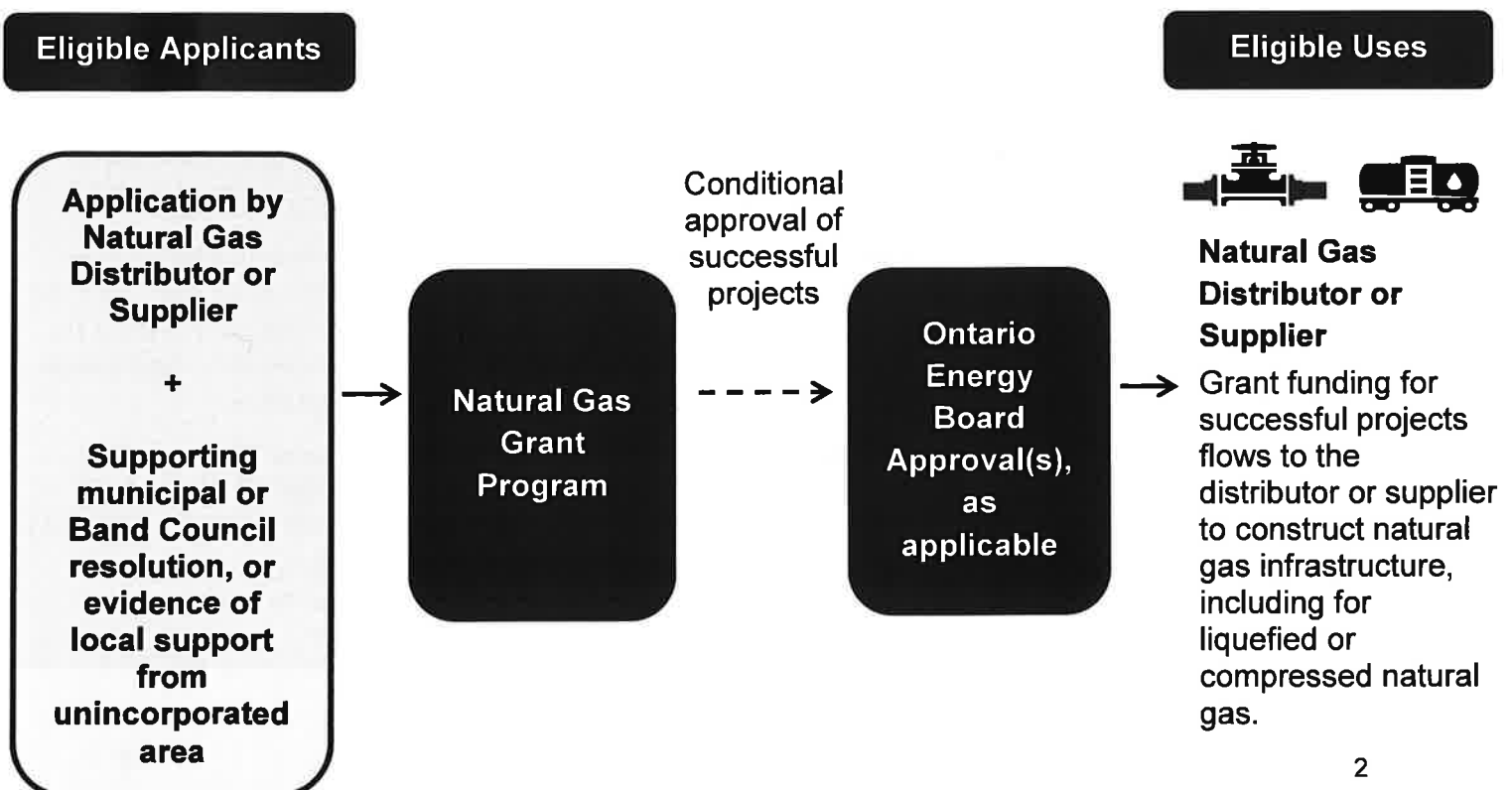
The province is helping expand natural gas access to more communities in Ontario through the new **\$100 million Natural Gas Grant Program** (“the Grant Program”). The Grant Program is part of *Moving Ontario Forward*; the province’s \$31.5 billion plan to invest in public transit, transportation and other priority infrastructure over ten years.

The objective of the Grant Program is to support the building of new natural gas infrastructure in order to **expand access** to more communities and to accelerate projects with **economic development** potential, especially in First Nations, northern and rural communities. To support both these objectives, the Grant Program includes two funding streams – an Expansion Projects Stream and an Economic Development Projects Stream (see pg. 5 for details).

The Grant Program is open to expansion projects in municipalities, First Nations and unincorporated areas. Projects to expand natural gas pipelines as well as liquefied or compressed natural gas infrastructure are eligible. Applications to the Grant Program are made by the natural gas distributor or supplier. Applications must be accompanied by a supporting resolution from the municipality or First Nation or, in the case of unincorporated areas, other evidence of local support.

The costs of converting heating equipment (such as furnaces, ducting, etc.) and connecting individual properties to pipelines are **not** eligible under the Grant Program.

The application process is as follows:



## APPLYING UNDER THE GRANT PROGRAM

Applications to the Grant Program should be made by the distributor or supplier. This includes ensuring there is adequate demand, proposed rates are appropriate, contributions from municipalities and First Nations are utilized where possible, and opportunities for local partnerships and alignment with other infrastructure works occurring along the same corridor (e.g., broadband, water and wastewater infrastructure, etc.) are being leveraged.

### **Assess Demand and Benefits**

Distributors/suppliers work with the municipality, First Nation or unincorporated area to determine the demand for natural gas and any expected economic benefits resulting from natural gas access (for projects under the Economic Development Projects Stream). This includes surveying households, businesses, industry, schools, hospitals, etc. to gauge potential customer interest at various rates and associated savings in energy costs, as well as engaging with larger energy users such as agricultural producers, agribusinesses and other local industries that could benefit from increased natural gas access. These calculations should reflect current and projected energy costs, including cap and trade costs and reductions in the cost of electricity.



### **Determine Costs and Timelines**

Distributors/suppliers determine the cost of providing servicing as well as mapping out required approvals from the Ontario Energy Board and estimated timelines.



### **Determine Financial Need**

If it is economical to expand natural gas access in the area (i.e., the distributor or suppliers' anticipated revenues are sufficient to cover the expansion costs), the project should proceed without assistance from the Grant Program. This calculation must utilize stand-alone rates or surcharges made available under the Ontario Energy Board's recent decision on the framework for natural gas expansion in Ontario (more information is available under "EB-2016-0004" at [www.ontarioenergyboard.ca](http://www.ontarioenergyboard.ca)).

Where expansion is not economical, distributors or suppliers may apply to the Grant Program. The grant amount requested should be net of contributions from the municipality or First Nation equivalent, at minimum, to the property tax (or other applicable levies in the case of First Nations) that would be recovered on the new infrastructure being built for a period of 10 years. Where necessary, applicants may explain why such a contribution from the municipality or First Nation is not feasible.

In some areas, the cost of building gas pipelines is too large relative to the revenues that could be recovered. In these instances, one option is to examine liquefied or compressed natural gas as an alternative. Liquefied or compressed natural gas is delivered using surface transportation (i.e., trucks) to a local distribution center in the community. By avoiding the need to lay down long-distance transmission pipelines, this method can be a cost-effective alternative for some communities.



Continued on next page



**WHEN APPLYING TO THE GRANT PROGRAM:**

**Submit Application Form and Supporting Documentation**

Applications to the Grant Program should be made by the distributor or supplier. In parallel, the municipality or First Nation must submit a council or band council resolution in support of gaining natural gas for their jurisdiction (irrespective of the distributor or supplier providing the services, in cases where there are multiple parties interested in servicing the area). The resolution may be submitted with the application or sent separately to the Grant Program administrator.

**IF SUCCESSFUL UNDER THE GRANT PROGRAM:**

**Seek Approval(s) from the Ontario Energy Board**

Approvals under the Grant Program will be conditional on the natural gas project receiving all necessary approvals from the Ontario Energy Board to proceed. Project details submitted to the Ontario Energy Board for approval must be materially the same as the project details submitted for review under the Grant Program, otherwise grant approvals may be withdrawn. Grant funding would flow to successful distributor/supplier after the project has received approval from the Ontario Energy Board to proceed.

**Enter into a Contract with a Municipality or First Nation**

The natural gas distributor or supplier should enter into a contractual agreement with Municipalities and First Nations making contributions to the natural gas expansion project. See sample tip sheet at the end of the guidelines.

# Program Guidelines

## 1. Who can apply?

Applications to the Grant Program must be made by the natural gas distributor or supplier, working with the municipality, First Nation or unincorporated area where the project is located, as necessary.

## 2. What types of projects are eligible?

To ensure the Grant Program supports both improved access to natural gas as well as economic development in communities, there are two separate project streams:

- **Expansion Projects Stream (\$70 million planned allocation\*):** supports projects that are primarily about converting residential customers to natural gas. Only projects to service unserved communities are eligible.
- **Economic Development Projects Stream (\$30 million planned allocation\*):** supports projects that are primarily about converting businesses (e.g., farms, manufacturing facilities, mining operations, forestry operations, etc.) to natural gas or expanding service to businesses. Projects must benefit one or more of the following:
  - Rural Ontario (defined as Statistics Canada's census subdivisions, including lower-tier and single-tier municipalities, with population less than 100,000 and/or density of 100 people per km<sup>2</sup> or less)
  - Registered farming businesses (as defined under the *Farm Registration and Farm Organizations Funding Act, 1993*) and/or agri-businesses, including grain elevators, feed manufacturing facilities and crop input supply businesses
  - First Nations
  - Unincorporated areas

\*These are initial allocations and may be changed based on program demand.

All projects must be for net new connections or increased volumes of natural gas. Prospective connections (e.g., connections to new residential or commercial developments that have not yet been built) should be excluded from applications under the Expansion Stream. Prospective connections (e.g., attraction of new business and investments) may be included under the Economic Development Stream with appropriate supporting evidence showing when these connections would occur and how they would benefit the area.

### 3. What project costs are eligible?

Under both streams, grant funding may be used towards:

- Capital projects to build new natural gas pipelines or compressors and other related capital works.
- Capital projects to build liquefied or compressed natural gas infrastructure, including pipelines, compressors, liquefaction facilities, regasification facilities, storage facilities and other related capital works.

Operational and maintenance costs and the cost of purchasing gas are not eligible under the Grant Program. Full list of eligible costs will be provided as part of grant agreements.

### 4. What is the role of municipalities and First Nations?

Applications will only be considered where Municipalities and First Nations:

- **Make a financial contribution towards project costs.** The contribution should be, at minimum, equivalent to the property tax (or other levies in the case of First Nations) that would be recovered on the new infrastructure being built for a period of 10 years. How this contribution will be made (e.g., up front or over time, through municipal loans, etc.) is up to the discretion of the municipality or the First Nation in consultation with the distributor or supplier. Alternatively, municipalities or the First Nation may provide evidence either separately or as part of the application form to explain why making such a contribution is not feasible.
- **Provide a supporting council or band council resolution.** The resolution must, at minimum indicate:
  - a. The municipality or First Nation is supportive of projects to provide natural gas access to areas under their jurisdiction, irrespective of the distributor or supplier proposing to do so.
  - b. (Where applicable) The municipality or First Nation will make a financial contribution to the natural gas expansion project that is approved by the Ontario Energy Board. The contribution will be, at minimum, equivalent to the property tax that would be recovered on the new natural gas infrastructure being built for a period of 10 years beginning from the time that property taxes first become due.

*Note: municipalities and First Nations are expected to estimate the amount of property taxes that would be recovered over ten years for the purposes of completing the application form but are not required to specify this amount as part of the municipal or band council resolution since the actual amounts may vary.*

- **Provide supporting evidence for economic development benefits** that natural gas access will bring to the community and/or region (for applications under the Economic Development Project Stream only). Municipalities and First Nations should work with the natural gas distributor or supplier to include this information in the application form. Please refer to the application form for examples of supporting evidence and guidance on the types of economic development benefits to consider.

The natural gas distributor or supplier should enter into a contractual agreement with municipalities and First Nations making contributions to the natural gas expansion project. See sample tip sheet at the end of the guidelines.

## **5. What share of project costs will the program cover?**

There is no funding cap under the Grant Program. However, applicants must demonstrate need as part of their application for grant funding, i.e., that there remains a financial gap even after utilizing standalone rates and surcharges, and contributions from benefitting communities or businesses.

Applicants must provide accounting for the total amount requested and demonstrate how it will be allocated to eligible expenses. Final funding amounts will be based on availability of funding and other projects being considered under the program.

Costs are eligible to the extent that they would not be recovered from natural gas rate-payers by natural gas distributors or suppliers, including stand-alone rates or surcharges, and contributions from municipalities and First Nations. The process of determining which amounts can be charged by natural gas distributors will be determined by the Ontario Energy Board.

## **6. What criteria will be used to evaluate applications?**

Applications and supporting documentation will be made available to, and be assessed by, technical reviewers from Infrastructure Ontario, Ministry of Infrastructure, Ministry of Agriculture, Food and Rural Affairs, Ministry of Energy, Ministry of the Environment and Climate Change, Ministry of Indigenous Relations and Reconciliation, Ministry of Northern Development and Mines, and other ministries as required. Assessment criteria include the following metrics:



EXPANSION STREAM	
Criteria	Details
<b>Cost-Effective Access (Primary)</b>	Projects will be assessed based on the number of new connections that are made possible relative to the amount of grant funding requested.
<b>Energy Affordability (Primary)</b>	Projects will be assessed based on how much the community is currently paying in annual heating costs relative to other parts of the province.
<b>Project Revenues and Customer Engagement (Secondary)</b>	<p>Projects will be assessed based on the extent to which various rate options were considered and whether the proposed rate(s) reflects feedback from the community being served.</p> <p><i>Please note, the determination of whether the proposed rates are appropriate and can be implemented falls under the purview of the Ontario Energy Board, and will not be assessed as part of the application.</i></p>
<b>Greenhouse Gas Emissions (Secondary)</b>	<p>Projects will be assessed based on the impact they will have on greenhouse gas emissions.</p> <p>All projects will be required to report on which fuel sources are being converted to natural gas and the estimated impact on greenhouse gas emissions. Projects will also be required to identify conservation measures that will be implemented or made available to newly connected customers (e.g., participation in demand side management programs).</p>
<b>Partnerships and Innovation (Secondary)</b>	<p>Projects will be assessed based on how they leverage partnerships and innovative approaches to make the project more economical (i.e., lower project costs or improve project revenues) or to provide better outcomes.</p> <p>Examples include funding contributions from third parties (exclusive of rates and contributions from municipalities or First Nations), providing assistance to help consumers convert heating equipment, contributions in aid of construction from property owners, partnering with nearby communities, timing project construction to leverage other municipal works occurring along the same corridor (e.g., wastewater, telecommunications), supporting a new technology such as renewable natural gas, etc.</p>
<b>Geographic (Tertiary)</b>	Additional consideration will be given to projects that are in northern areas or located within First Nations Reserves.

OR:

ECONOMIC DEVELOPMENT STREAM	
Criteria	Details
<b>Economic Development (Primary)</b>	<p>Projects will be assessed based on the expected economic benefits to businesses (e.g., agriculture, forestry, mining, manufacturing etc.) that support rural Ontario, First Nations or unincorporated areas, or to registered farming businesses and/or agri-businesses including grain elevators, feed manufacturing facilities and crop input supply businesses located anywhere in Ontario.</p> <p>For the purposes of the program, rural Ontario means all Statistics Canada's Census subdivisions (including lower-tier and single-tier municipalities) that meet at least one of the following criteria:</p> <ul style="list-style-type: none"> <li>• Have a population of less than 100,000 people, and/or</li> <li>• Have a population density of 100 people/km<sup>2</sup> or less.</li> </ul> <p>Assessments will consider how the projects support economic development in the community and/or region. Considerations could include:</p> <ul style="list-style-type: none"> <li>• Alignment with any community and/or regional economic development plans or strategies; and,</li> <li>• Business retention, expansion and attraction.</li> </ul> <p>Applicants are expected to address all economic development benefits that are relevant to their project. The types of economic development benefits may differ between projects (e.g., supporting investment attraction, supporting business retention/expansion, etc.).</p> <p>Applicants will also need to provide supporting evidence (e.g., analysis, letters from business or industry organizations, surveys, studies, etc.) to substantiate responses.</p>
<b>Energy Cost Savings (Primary)</b>	<p>Projects will be assessed based on expected energy cost savings to businesses with greater consideration expected for those projects that accommodate a higher density of connections to the pipeline (e.g., clusters and collaborative ventures such as business parks or corridors).</p>
<b>Project Revenues and Customer Engagement (Secondary)</b>	<p>Projects will be assessed based on the extent to which various rate options were considered and whether the proposed rate(s) reflects feedback from the community being served.</p> <p><i>Please note, the determination of whether the proposed rates are appropriate and can be implemented falls under the purview of the Ontario Energy Board, and will not be assessed as part of the application.</i></p>

<b>Greenhouse Gas Emissions (Secondary)</b>	<p>Projects will be assessed based on the impact they will have on greenhouse gas emissions.</p> <p>All projects will be required to report on which fuel sources are being converted to natural gas and the estimated impact on greenhouse gas emissions. Projects will also be required to identify conservation measures that will be implemented or made available to newly connected customers (e.g., participation in demand side management programs).</p>
<b>Partnerships and Innovation (Secondary)</b>	<p>Projects will be assessed based on how they leverage partnerships and innovative approaches to make the project more economic (i.e., lower project costs or improve project revenues) or to provide better outcomes.</p> <p>Examples include funding contributions from third parties (exclusive of rates and contributions from municipalities or First Nations), providing assistance to help consumers convert heating equipment, contributions in aid of construction from property owners, partnering with nearby communities, timing project construction to leverage other municipal works occurring along the same corridor (e.g., wastewater, telecommunications), supporting a new technology such as renewable natural gas, etc.</p>
<b>Geographic (Tertiary)</b>	<p>Additional consideration will be given to projects that are in northern areas or located within First Nations reserves.</p>

## 7. What is the role of the Ontario Energy Board?

The Ontario Energy Board oversees expansion of the natural gas network in the province which typically includes three elements:

### 1. **Municipal Franchise Agreement (MFA) and Certificate for Public Convenience and Necessity: Securing the approval to serve an area of the province**

The MFA is an agreement between a municipality that wants to have a natural gas distribution system installed within its boundaries and a natural gas distributor that wants to provide that service. The MFA must be submitted to the Ontario Energy Board for approval under section 9 of the *Municipal Franchises Act*. To standardize the format and content of MFA's the Ontario Energy Board, with input from municipal leaders, developed the Franchise Handbook and a Model Franchise Agreement which are available on the Ontario Energy Board's website.

Under section 8(2) of the *Municipal Franchises Act*, prior to constructing works to supply gas, a natural gas distributor must apply to the Ontario Energy Board for a Certificate for Public Convenience and Necessity (Certificate). If the Ontario Energy Board approves the application, it will issue a Certificate to the gas distributor. The

exact area within a municipality where a gas distributor is permitted to construct gas works is defined by the Ontario Energy Board's Certificate.

Typically, the gas distributor will submit to the Ontario Energy Board a signed MFA for approval and an application for a Certificate at the same time.

## **2. Leave-to-Construct Approval: Securing approval to construct facilities that meet certain size and cost criteria**

Natural gas expansion projects that meet at least one of the following criteria require leave-to-construct approval from the Ontario Energy Board to proceed:

- a. The diameter of the new pipe is 12 inches or greater;
- b. The operating pressure is equal to or greater than 2,000 kilopascals (unit of pressure);
- c. The cost of the project is greater than or equal to \$2,000,000;
- d. The length of the new pipe required exceeds 20km.

Applications are assessed by the Ontario Energy Board based on the public interest test which includes the need for the project and the alternatives sought, economic feasibility (e.g., the expected project costs and revenues and anticipated impact on rates), and environmental and landowner impacts.

## **3. Rate Setting: Securing approval to charge customers for regulated services**

The Ontario Energy Board sets the rates that gas distributors are allowed to charge their customers for:

- Gas supply (unless the consumer purchases directly from a retailer)
- Transportation and delivery
- Storage

Natural gas expansion proposals will require an order from the Ontario Energy Board authorizing the rates the distributor wishes to charge its customers.

Approvals for natural gas expansion projects under the Grant Program will be conditional on the projects receiving all applicable approvals from the Ontario Energy Board. Project details submitted to the Ontario Energy Board for approval must be materially the same as the project details submitted for review under the Grant Program, or grant approvals may be withdrawn.

***Projects must be submitted to the Ontario Energy Board within six months of receiving approval under the Grant Program. An electronic copy of the application(s) to must be shared with the ministry (email: [NGGP@infrastructureontario.ca](mailto:NGGP@infrastructureontario.ca)) within one week of making the application to the Ontario Energy Board.***

## **8. How does the program align with new rules issued by the Ontario Energy Board?**

### **New Rules for Natural Gas Expansion in Ontario**

On November 17, 2016 the Ontario Energy Board introduced new rules for natural gas expansion in the province. Under the new rules, natural gas distributors may implement stand-alone rates or surcharges for expansion projects to new areas to recover costs. Previously, distributors had to charge the same rates to all customers in the same rate class. This limited the ability to expand, particularly into rural and remote areas which face higher expansion costs.

Under the new rules, the Ontario Energy Board will also consider proposals from competing distributors or suppliers to service the same community in order to enhance competition. In situations where there is competition to serve a new community, the Ontario Energy Board will first evaluate the proponents' leave-to-construct and rate-setting plans.

The Grant Program is complementary to these new rules introduced by the Ontario Energy Board. Under the Grant Program, projects to build new natural gas infrastructure must utilize stand-alone rates or surcharges to recover capital costs to lower the net grant funding required.

More details on the Ontario Energy Board's decision can be found by looking at Case Number EB-2016-0004 on the Ontario Energy Board's website:

[www.ontarioenergyboard.ca](http://www.ontarioenergyboard.ca).

## **9. What if more than one distributor or supplier is interested in expanding natural gas service to the same project area?**

Consistent with the Ontario Energy Board's efforts to encourage competition, multiple applications to service the same project area by different distributor or suppliers will be accepted under the Grant Program. Project area is the combination of communities' geographic boundaries within which the new infrastructure is being built and customers being connected are located.

Based on the results of project assessment, conditional approval may be granted to more than one distributor and/or supplier for the same project area under the Grant Program.

This would provide flexibility for multiple proposals to proceed to the Ontario Energy Board for the same project area and enhance competition. Grant funding would only be

provided for the one project that is approved by the Ontario Energy Board (e.g., with Distributor A or B only).

It is possible that additional distributors or suppliers may come forward when the project proceeds to the Ontario Energy Board for review. The Ontario Energy Board would ultimately review all proposals and determine the best distributor/supplier to service the area.

**10. Some distributors already have a Certificate to serve a municipality but a portion of the municipality is still not served. Is that the only distributor or supplier that can apply under the Grant Program?**

No. The Ontario Energy Board has indicated that the *Municipal Franchises Act, 1990* does not prevent the Ontario Energy Board from issuing multiple Certificates within a defined geographic area following a competitive process.

**11. Can individual property owners apply to the Grant Program directly?**

No. Property owners (i.e., residential and business consumers) cannot apply to the Grant Program. Interested individuals should contact their local community or natural gas distributor to express interest.

Property owners remain responsible for any individual contributions in aid of construction (e.g., cost to bring natural gas pipelines across large properties) that may be required by the natural gas distributor or supplier.

**12. Is there a duty to consult with Indigenous groups?**

The Government of Ontario and municipalities may have a duty to consult and, where appropriate, accommodate Indigenous groups (e.g., First Nation and Métis peoples) where an activity is contemplated that may adversely impact an Indigenous or treaty right.

Before deciding whether a project should receive funding, the Government of Ontario will assess whether its duty to consult obligations are engaged. The day-to-day, procedural aspects of consultation may be delegated to project proponents (e.g., natural gas distributors or suppliers) who may also have their own obligations. Ontario's delegation to proponents of aspects of consultation is a routine practice and the procedural aspects of consultation will be delegated to project proponents on this initiative. Therefore, it is important that all applicants recognize this process and appropriately plan for this work (e.g., resources, time, etc.) as part of their funding submission.

Consultation requirements will vary depending on the size and location of the project in question. For successful applications, further details surrounding specific consultation requirements, including which communities require consultation, will be provided by provincial officials. Applicants should ensure duty-to-consult requirements are met prior to commencing the construction process.

### **13. When do projects need to be completed?**

Project-specific timelines will be included in individual grant agreements for successful projects. In general, eligible expenses must be incurred no later than March 31, 2021.

### **14. How many intakes are planned?**

There will be one intake held to allocate the \$100 million in grants. The deadline for applications is **July 31, 2017**.

### **15. How many applications can be submitted?**

Multiple applications for the same project area may be submitted as long as the proposed natural gas distributor or supplier is different for each application.

Grant funding would only be provided for the one project that is approved by the Ontario Energy Board.

### **16. When will applicants be notified of the results?**

Applicants will be notified of the results as quickly as possible following the closing of the intake window. Both successful and unsuccessful applicants will be notified. Infrastructure Ontario, the Ministry of Infrastructure and the Ministry of Agriculture, Food and Rural Affairs will be available to provide feedback to unsuccessful applicants, if requested.

### **17. When will successful applicants receive grant funding?**

Once the project has received approval from the Ontario Energy Board, the grant agreement has been fully executed, and all conditions satisfied, grant payments will be advanced to successful distributors/suppliers.

### **18. What are the obligations of successful grant recipients?**

Successful applicants will be required to sign a contribution agreement with the Ministry of Infrastructure. Recipients will be subject to the *Freedom of Information and Protection Act*, and may be subject to audit. Additional requirements will be outlined in grant agreements.

## **19. What are the reporting requirements?**

Successful applicants will be required to report back to Infrastructure Ontario on the use of the grant funding. Successful applicants should be prepared to report on how the grant has allowed them to expand natural gas access and achieve the benefits described in their application. Specific reporting requirements will be outlined in individual grant agreements.

## **20. How do you submit an application?**

Please email the completed application form and supporting documents to [NGGP@infrastructureontario.ca](mailto:NGGP@infrastructureontario.ca). Applications will be accepted electronically.

Once the completed application has been submitted, an acknowledgement of receipt will be sent to the applicant within 10 business days. If you do not receive this notification or would like to send the completed application package by mail, please contact [NGGP@infrastructureontario.ca](mailto:NGGP@infrastructureontario.ca).

Infrastructure Ontario may contact an applicant to further discuss the application and/or request more information.

## **21. Where can I get more information?**

**Electronic mail:** [NGGP@infrastructureontario.ca](mailto:NGGP@infrastructureontario.ca)

**Website:** [www.infrastructureontario.ca/NGGP](http://www.infrastructureontario.ca/NGGP)

**Telephone:** 1-844-357-0725



## TIPSHEET: Municipal Capital Facilities Agreement or Similar Contract

Here are some of the things distributors and suppliers may wish to consider in developing an agreement (e.g., a capital facilities agreement or similar) with municipalities and First Nations that are making a financial contribution towards the natural gas expansion project. As each distributor/supplier, municipality and First Nation is different and is responsible for its decisions, what goes into an agreement will vary. In the case of municipalities, local bylaws would be needed for a capital facilities agreement, a debenture loan, and any fee or other cost recovery arrangements. It is recommended that all parties obtain legal and professional advice.

### PREAMBLE

- Who are the **parties to the agreement** (i.e. municipality or First Nation and gas company)
- A statement of the **broader purposes and expectations** of the agreement, such as expected long term energy savings or environmental benefits
- For municipalities, reference to the **municipal capital facilities provision** in the legislation (section 110 of the Municipal Act, 2001)
- References to any **other legislation**

### DETAILED PROJECT DEFINITION

- **Terms providing for the construction of a pipeline asset** for the municipality or First Nation in a defined area of the municipality, the costs and expected timing or stages for construction, related engineering or other technical requirements and identifying which party has responsibility for each of these
- Length of the agreement
- **Ownership of the asset** (including specifying where ownership is with the gas company)

### GENERAL TERMS AND CONDITIONS

- Method for recovering Unused Funds
- Default and Termination
- Remedies
- Joint and Several Liability where the recipient is comprised of more than one entity

### OBLIGATIONS OF THE PARTIES

- **The amount of funding** provided by the municipality or First Nation, and how and when the municipality or First Nation would make payments under the agreement.
- **Determine eligible costs.** Funding can only be provided for capital costs rather than operating needs
- **Any specific information or methodology** the municipality or First Nation might need to be able to calculate and justify local fees (if being imposed) for its costs under the agreement

- **Responsibilities of the gas company** to build and maintain the pipelines, and to execute or obtain all necessary permits, approvals and agreements necessary to carry out and complete the project
- **Reporting requirements** (e.g., interim and final progress and costs/expenditure reports to the municipality or First Nation).
- **Responsibilities related to risk allocation** and corresponding financial assurances (e.g., insurance and indemnities, cross-liability, contractual liability coverage, notice period for cancellation, termination or material change from the recipient to such policy's insurers, etc.)
- **Other assurances** that may be required by the municipality or First Nation such as ongoing supply service standards; further expansion of the serviced area; responsibility for extraordinary costs related to maintenance, repair or remediation; potential sale of the new asset; how funds are to be used and procedures for possible conflicts of interest