

Resolution to Require Fair Payment from For-Profit Gas Utilities for Use of Municipal Property

Recommendations

1. Council requests that the Province of Ontario amend section 9 of Regulation 584/06 under the Municipal Act, 2001, to permit municipalities to charge fair fees to for-profit gas utilities for their use of public property, as municipalities do in most other provinces.
2. Direct staff to negotiate a Franchise Agreement with the gas distribution company that:
 - Will allow Guelph to charge fees for use of public property if Ontario Regulation 584/06 is amended to allow such charges
 - Ensure that Guelph is not liable to pay for any pipeline relocations needed due to conflicts with municipal infrastructure
 - These fees are not to be passed on to Guelph customers of the gas distribution company.
3. Direct staff to circulate this motion to other Ontario Mayors and Councils and ask them to endorse the same request.

Summary

Enbridge Gas Inc. is currently allowed to use Guelph property for its pipelines without paying any fees to do so. This is a major subsidy provided by Guelph taxpayers to Enbridge Gas Inc. It is also a large fossil-fuel subsidy that is contrary to the public interest in light of our climate crisis, the financial crisis facing Ontario municipalities, and the increasing demands on public space.

Municipalities should be free to charge fair fees to for-profit fossil fuel utilities for their use of public property. Unfortunately, section 9 of [Regulation 584/06](#) under the Municipal Act, 2001 prohibits the municipalities from charging the gas utility for using municipal right-of-ways for methane gas pipelines. Municipalities in other provinces are permitted to charge such fees and receive millions of much-needed revenue as a result. Other Ontario municipalities have been calling on the province to amend Regulation 548/06 so that municipalities are not forced to provide this subsidy. Guelph should join those calls.

Even if the regulation is changed, Guelph could still be locked into providing free access to its right-of-ways for methane gas pipelines due to its Franchise Agreement with Enbridge Gas Inc. That agreement is up for renewal in 2025. In the renewal process, Guelph should ensure that it will be allowed to charge fees for use of right-of-ways if Regulation 584/06 is amended and to ensure that Guelph is not liable to pay for any pipeline relocations needed due to conflicts with municipal infrastructure. At present, Guelph is required to contribute toward pipeline relocation costs when conflicts with municipal infrastructure arise even though the gas utility has paid nothing to use those rights-of-ways.

This lack of payment is an unfair burden on taxpayers. Once established, the Ontario Energy Board must not permit the gas distribution company to pass these fees onto Guelph customers of the gas distribution company.

These recommendations are important to:

- (a) Provide Guelph with much-needed revenue;
- (b) Remove a fossil-fuel subsidy that is contrary to the public interest; and
- (c) Provide fairness to Guelph taxpayers and customers of the gas distribution company.

Background Information

[Guelph Franchise agreement with Union Gas 2005](#)

(January 26, 2022) Letter from City of Ottawa Mayor Jim Watson RE: Support for Ottawa Energy Evolution Strategy, and City of Ottawa Report: “Model Franchise Agreement Review.”

https://documents.ottawa.ca/sites/documents/files/jimwatsonletter_toddsmith_en.pdf

(February 15, 2024) Letter from City of Toronto Councillor Dianne Saxe on Requiring Fair Payment from For-Profit Gas Utilities for Use of City Property

<https://www.toronto.ca/legdocs/mmis/2024/ie/bgrd/backgroundfile-243203.pdf>

[Fair Payment - Franchise Agreement for Natural Gas companies using Municipal property](#)

[Guelph: Another Free Ride for Enbridge? eMERGE Webinar](#) with Toronto City Councillor and former Environmental Commissioner of Ontario Dianne Saxe, Gaby Kalapos, Executive Director, Clean Air Partnership and Aaron Freeman, President and Founder Pivot Strategic.