

Region of Waterloo

Planning, Development, and Legislative Services

Legal Services

To: Regional Council

Meeting Date: November 19, 2025

Report Title: New Franchise Agreement with Enbridge Gas Inc.

1. Recommendation

That the Regional Municipality of Waterloo authorize Regional staff to negotiate with Enbridge Gas Inc. the following changes to the draft 2000 Model Franchise Agreement (MFA) between the Region of Waterloo and Enbridge Gas Inc.:

- Expand the definition of “highway” to ensure that all parts of the right of way are captured;
- Include a requirement for Regional staff to be provided with as-built CAD drawings in UTM NAD83 Zone 17 co-ordinate system in s. 6 of the MFA;
- Add clarification regarding the use of the words “remove”, “relocate”, and “decommission” in such sections s. 12 and 15 of the MFA;
- Add clarification regarding the interaction between s. 12 and 15 regarding cost sharing responsibilities;
- Allow the Region of Waterloo to charge for-profit entities such as Enbridge fees for use of public property if Ontario Regulation 584/06 under the *Municipal Act, 2001* is amended to allow for such charging of fees;
- Add clarification that “project engineering and project administrative costs” listed in s. 12(c)(v) are limited to actual cost incurred;
- Change the date in s.18 for when a request for infrastructure owned by Enbridge needs to be removed/replaced triggers Enbridge being 100% responsible for all such costs; and
- Any other changes deemed reasonably necessary by the Regional Solicitor.

And that the Regional Municipality of Waterloo authorize Region staff to participate and make submissions in regard to an Ontario Energy Board generic hearing regarding the Model Franchise Agreement which will likely be commenced by the OEB in 2026;

And that the Regional Municipality of Waterloo express its support for an Amendment to Section 9 of Regulation 584/06 under the Municipal Act, 2001 and an update to the Model Franchise Agreement to enable Ontario municipalities to keep pace with leading practices in other Canadian jurisdictions and charge private utilities for fair

compensation for use of the municipal right of way.

And that this resolution be forwarded to the Minister of Municipal Affairs and Housing, Rob Flack, Minister of Energy and Electrification, Stephen Lecce, all Waterloo Region municipalities, the Association of Municipalities of Ontario, and its member municipalities.

All as further described in Report PDL-LEG-25-039 dated November 19, 2025.

2. Purpose / Issue:

To address certain issues in the proposed 2000 Model Franchise Agreement (MFA) with Enbridge Gas Inc. (Enbridge).

3. Strategic Plan:

This Report supports the Region's Climate Aligned Growth initiative of its Strategic Plan because it considers the impacts of fossil fuel use and the preference to move towards more sustainable energy sources. This Report also aligns with the Resilient and Future Ready Organization priority of the Strategic Plan by exploring improved service models that support fiscal resilience.

4. Report Highlights:

- On June 13th, 2025 Regional staff received a document package from Enbridge regarding the MFA and its associated documents to initiate the process for Regional Council to approve the MFA as prescribed by the *Municipal Franchises Act*.
- The current MFA, which expires on May 24, 2026, and the proposed MFA are both based on the 2000 Model Franchise Agreement approved by the Ontario Energy Board (OEB).
- Over the 20-year term of the current MFA, Regional staff have identified necessary changes to the agreement that will improve clarity and coordination with Enbridge Gas and better align with Regional priorities. Changes include:
 - Expanding the definition of “highway” to ensure that all parts of the right of way are captured;
 - Requiring Enbridge to share detailed engineering drawings of gas infrastructure to enable the Region to maintain accurate records for mapping and asset management systems;
 - Seek clarifications regarding the use of the words “remove”, “relocate”, and “decommission” in such sections as s. 12 and 15 of the Agreement and when certain cost sharing requirements shall be triggered;

- Allowing the Region to charge for-profit entities like Enbridge fees for use of public property if Ontario Regulation 584/06 under the *Municipal Act, 2001* is amended to allow for such charging of fees;
 - Clarifying that “project engineering and project administrative costs” listed in s. 12(c)(v) are limited to actual cost incurred to reduce financial exposure of the Region; and
 - Changing the date in s.18 for when a request for infrastructure owned by Enbridge needs to be removed/replaced triggers Enbridge being 100% responsible for all such costs.
- The OEB plans to commence a generic proceeding regarding the model Franchise Agreement as stated in the attached letter to the Association of Ontario Municipalities dated October 15, 2025. Regional staff, with Council approval, will seek to participate in this proceeding to propose the above-mentioned changes, if such changes are not agreed to by Enbridge.

5. Background:

The intent of the MFA is to outline the terms and conditions under which Enbridge installs, operates, and maintains its natural gas infrastructure (e.g. gas mains, plants, pipes, conduits, services, valves, regulators, curb boxes, stations, drips etc.) within Regional road allowances and other public properties. These agreements are standardized across Ontario and typically last for 20 years, after which new agreements must be entered into with approval from the Ontario Energy Board (OEB). MFAs are based on an OEB approved template, referred to as a “Model Franchise Agreement” and its approval process by a municipality is governed by the *Municipal Franchises Act*, R.S.O. 1990, c. M.55. The last Model Franchise Agreement was approved by the OEB in the year 2000 and last revised on September 11, 2003.

The MFA requires changes to better align with the Region’s evolving needs and priorities. Proposed updates would clarify cost-sharing responsibilities, recognize newer infrastructure such as multi-use trails, improve data sharing for asset management, and allow the Region to recover fair costs for the use of public property.

As related to cost recovery, several Ontario municipalities, including the Cities of Guelph, Toronto, and London, are requesting changes to the *Municipal Act, 2001* and the MFA that would allow municipalities to charge for-profit gas utilities fees for the use of public property, as is common in most provinces. In the absence of such fees, taxpayers are bearing a portion of the costs of this infrastructure. This results in an indirect subsidy for the fossil-fuel sector, which does not align with the Region’s commitment to reducing community reliance on fossil fuels, as stated in our 2023-2027 Strategic Plan and the Council-endorsed TransformWR strategy.

The structure of the current agreement requires the Region to periodically incur costs

associated with the removal of abandoned natural gas infrastructure when requested by the Region in relation to Regional projects, as well as when Enbridge elects to decommission certain infrastructure without request from the Region. Access fees would defray the costs to remove abandoned infrastructure.

The Region's current MFA expires on May 24, 2026, but does have a holdover provision stating that if a new agreement is not signed by that date, the old MFA will continue to be in force until a new MFA is signed by the parties. On June 13th, 2025, Regional staff received a document package from Enbridge regarding the MFA and its associated documents to initiate the process for Regional Council to approve the MFA as prescribed by the *Municipal Franchises Act*.

Should the Region engage in the negotiations with Enbridge for changes to the MFA and they are not accepted by Enbridge, then the Region may participate in the OEB's 2026 Generic Proceeding Regarding the Model Franchise Agreement as stated in the attached letter to the Association of Ontario Municipalities dated October 15, 2025. The OEB has recognized that the current Model MFA has been in place since 2003 and that issues have surfaced in recent franchise agreement proceedings as to the continued suitability of certain terms and conditions of the Model Franchise Agreement. A generic hearing will allow multiple parties to make submissions, including municipalities in Ontario. No date has been named in 2026 for the hearing as of yet by the OEB.

6. Communication and Engagement with Area Municipalities and the Public

Area Municipalities: Staff have had discussions with area municipalities on whether they are currently renewing their agreements with Enbridge, and all have confirmed that they are not. Also, staff are investigating how the Region works with area municipal utilities.

Public: This matter has the potential to benefit the general public by creating efficiencies within the Region with cost savings and action against fossil fuel use.

7. Financial Implications:

	Current Year	Future Year(s)
Budget Impact?	NA	NA
Capital Plan Impact?	NA	To be determined

The terms and conditions of this agreement may impact future cost sharing which will have to be accommodated across the Region's capital budget. The impacts at this point

are not currently known.

8. Conclusion / Next Steps:

Should Regional Council approve staff negotiating the aforementioned changes to the MFA, staff shall commence negotiations with Enbridge, and if needed, make submissions to the OEB generic hearing that will likely be commenced in 2026.

9. Attachments:

Appendix A: Proposed 2000 Model Franchise Agreement

Appendix B: Letter entitled 2026 Generic Proceeding Regarding the Model Franchise Agreement dated October 15, 2025

Prepared By: Liam Legate, Solicitor (Corporate)

Approved By: Fiona McCrea, Regional Solicitor and Director of Legal Services