

Unpacking common misconceptions about Municipal Franchise Agreements and Enbridge Gas

Myth	Fact
1. Municipalities subsidize the costs for Enbridge Gas pipeline relocation.	<p>In Ontario, pipeline relocations are typically requested by municipalities, though provincial agencies or conservation authorities may request them as well. Enbridge Gas rarely initiates these relocations unless prompted by an external party.</p> <p>Generally, relocations are done to make way for other projects that directly benefit a municipality or other jurisdiction's residents. They often occur when public infrastructure projects, new developments, safety requirements or environmental regulations necessitate moving existing natural gas lines.</p> <p>The Municipal Franchise Agreement (MFA) prescribes a balanced 65% utility / 35% municipality cost sharing model. This avoids burdening taxpayers or ratepayers with the full cost and ensures that necessary maintenance of infrastructure proceeds safely and efficiently.</p>
2. Franchise agreements provide Enbridge Gas with “free access” to public land, which also amounts to a subsidy. In this manner, Enbridge Gas receives financial benefits and preferential treatment from the government.	<p>The MFA is not a subsidy. It is a regulated access framework required by the Municipal Franchises Act.</p> <p>All agreements must be approved by the Ontario Energy Board (OEB), which ensures fairness and alignment with the public interest.</p> <p>Utilities, including Enbridge Gas, pay property taxes and permit fees and use fewer municipal services than most taxpayers, making them net contributors to municipal finances.</p> <p>The existence of MFAs does not grant any preferential financial treatment to Enbridge Gas.</p>
3. The MFA creates an unlevel playing field by giving natural gas an unfair advantage over renewable energy. By locking municipalities into outdated energy systems, franchise agreements prevent them from pursuing climate goals or modernizing their infrastructure.	<p>The MFA does not limit municipal climate action or restrict the adoption of renewable or electrified energy systems. It simply governs how utilities access and operate within municipal corridors, not which energy systems municipalities choose to pursue.</p> <p>Municipalities retain full discretion to set climate targets and adopt new technologies. Franchise agreements support this work by coordinating safe, efficient underground infrastructure alongside water, transit, electricity and telecommunications.</p>
4. The OEB's upcoming proceeding is the first full-scale review of franchise agreements since 1999.	<p>The OEB has signaled that the upcoming review of the Model Franchise Agreement will be narrow in scope, and not a full overhaul of all municipal agreements</p>
5. In Ontario, the natural gas and electricity industries are both subsidized by taxpayers.	<p>Enbridge Gas receives no direct tax subsidies from the Ontario government for natural gas distribution.</p> <p>Ontario's major energy subsidies apply to electricity, not natural gas. According to the most recent figures available, Ontario currently subsidizes electricity costs by roughly \$6 billion per year.¹</p>
6. Ontario lags behind other provinces because it does not charge right-of-way fees. Ontario is making a discretionary policy choice that amounts to withholding potential revenue for municipalities.	<p>Ontario legally prohibits municipalities from charging gas or electricity utilities for right-of-way use under O. Reg. 584/06.</p> <p>By contrast, provinces that allow municipalities to charge franchise fees (on top of property fees) govern their utilities using different regulatory models and pass these franchise fee costs directly to ratepayers through rates charged by the utilities.</p>
7. Enbridge Gas Municipal Franchise Agreement applications to the OEB equate to “taking municipalities to the regulator.” They are also a purposely confrontational process initiated by the company.	<p>The OEB must approve every franchise agreement under the Municipal Franchises Act.</p> <p>Applications are:</p> <ul style="list-style-type: none">• Mandatory, not optional.• Required even when the municipality and utility align.• A standard, legislated process ensuring transparency and regulatory oversight. <p>The process is not about “one party taking another to the OEB.”</p>
8. A few municipalities in Ontario, including the Regional Municipality of Waterloo and the City of Guelph, have “refused” to renew their agreements with Enbridge Gas.	<p>Neither municipality refused.</p> <p>On Nov. 26, 2024, the City of Guelph directed staff to negotiate renewal terms that would allow fees if provincial law changes, address relocation cost liability and protect local ratepayers.</p> <p>On Nov. 19, 2025, the Regional Municipality of Waterloo directed staff to negotiate clarifying amendments and include a fee mechanism contingent on changes to O. Reg. 584/06.</p> <p>These decisions are part of ongoing discussions between Enbridge Gas and the municipalities, not refusals. To characterize them otherwise is incorrect.</p>

¹Sources:
Ivey Business School Energy Policy and Management Centre, 2024 Policy Brief. [ivey.uwo.ca]
CBC News, “Why Doug Ford’s government spends more than \$6B/year subsidizing hydro rates.” Mar. 23, 2023 [cbc.ca]
Ontario’s Energy and Electricity Subsidy Programs, Financial Accountability Office of Ontario. Feb. 16, 2022. Financial Accountability Office of Ontario