

Generic Review of the Model Franchise Agreement for Natural Gas

On October 15, 2025, the Chief Commissioner of the Ontario Energy Board (OEB) issued a **letter** indicating the OEB's intention to commence a generic proceeding to conduct a limited review of the **Model Franchise Agreement**. The OEB is now initiating this proceeding on its own motion pursuant to section 19 of the *Ontario Energy Board Act, 1998*.

What is a Model Franchise Agreement?

Before a natural gas utility can provide gas service within a municipality, it must enter into a franchise agreement with that municipality. A franchise agreement is an operational contract between a municipality and a gas utility that sets out the rights and obligations of both parties. All franchise agreements must be approved by the OEB.

The OEB adopted the Model Franchise Agreement to ensure fairness, transparency and consistency among individual franchise agreements across Ontario. The OEB expects that gas utilities and municipalities will use the terms of the Model Franchise Agreement without amendment, unless there is a compelling reason for deviation.

Why is the OEB Initiating this Proceeding?

In recent years, several municipalities and local community-based interest groups in Ontario have challenged certain terms of the Model Franchise Agreement during individual gas franchise proceedings. Many of these challenges raised issues of a generic nature, focusing on certain sections of the Model Franchise Agreement itself, rather than unique municipality-specific circumstances.

In response, the OEB is initiating this proceeding to examine certain sections and components of the Model Franchise Agreement that have emerged as issues of concern. This proceeding will review the templated form of the Model Franchise Agreement; it will not entail a review of individual franchise agreements that have been signed by specific municipalities and gas utilities.

This proceeding takes place within the context of Ontario's current energy landscape and the objectives outlined in Ontario's Natural Gas Policy Statement, which establishes that natural gas remains a vital component of Ontario's energy mix.

Draft Issues List

Each issue in the draft issues list relates to provisions within the current Model Franchise Agreement that have been recently contested. The OEB will provide information on how parties can comment on the draft issues list at a later date.

- **Section 11 Alternative Easement:** Are changes required to the provisions in section 11 of the Model Franchise Agreement pertaining to notice, the availability of easements and cost sharing in the event of the proposed sale or closing of any highway or any part of a highway where there is a gas line in existence?
- **Section 12 Pipeline Relocation:** Are changes required to the cost-sharing provisions as between municipalities and utilities in section 12 of the Model Franchise Agreement relating to the costs associated with pipeline relocations? Are changes required in relation to the time requirements for the completion of relocation under section 12 (e.g., should a time be specified)? If so, what would be an appropriate amount of time?
- **Section 15 Disposition of the Gas System & Section 16 Use of Decommissioned Gas System:** Are changes required in section 15 and section 16 of the Model Franchise Agreement relating to the removal of decommissioned pipelines?
- **Non-substantive administrative updates to the Model Franchise Agreement:** What terminologies (e.g., job titles) in the Model Franchise Agreement require an update to reflect current operations?
- **Implementation of possible updates to the Model Franchise Agreement:** If changes to the Model Franchise Agreement are made, how should the updated terms affect existing gas franchise agreements and applications currently before the OEB (e.g., how and when should such changes be integrated into existing agreements)?

The scope of this proceeding does not include potential legislative or regulatory amendments, such as the payment of fees by utilities to municipalities for the use of right of way. Such fees are currently prohibited by *O. Reg. 584/06: Fees and Charges*. The relationship between the *Drainage Act* and municipal gas franchise agreements is also outside the scope of this proceeding.

YOU SHOULD KNOW

There are three types of OEB Hearings: oral, electronic and written. If you have a preference for the type of hearing, you can write to us to explain why. The OEB will decide on the format of the hearing at a later date.

Ce document est aussi disponible en français.

Information Session

OEB staff will hold a virtual information session about this proceeding on the morning of **April 15, 2026, beginning at 9:30 AM**. This information session will not be transcribed, nor will it form part of the public record. Its purpose is to provide general information about the Model Franchise Agreement and the regulatory framework for municipal gas franchises and the typical steps in an OEB proceeding. OEB staff will not be addressing specific feedback on the draft issues list during the session as there will be an opportunity to provide comments at a later date. To sign up for the virtual information session scheduled for the morning of April 15, 2026 please complete the form at **Information Session Registration** by **April 10, 2026**. Details on how to login to the information session will be provided at a later date.

Intervention Requests

Municipalities, gas utilities, and other interested parties who wish to actively participate in this proceeding must apply for intervenor status and, where applicable, cost eligibility using the OEB's online **Intervention Form** by **April 20, 2026**. Municipalities and gas utilities will be granted intervenor status. Other interested parties may be granted intervenor status and, in their intervenor requests, are required to clearly identify and explain their substantial interest in the issues to be addressed within the scope of this proceeding.

Collaborating as a group, rather than participating individually, can support a more efficient and coordinated regulatory process. Municipalities in particular are encouraged to work together and consider a group approach where common interests exist. For the purposes of this proceeding, the term Municipal Group refers to a group of municipalities organized together with a common interest. The OEB will consider requests for intervenor status from more than one Municipal Group.

Cost Awards

Under section 3.05 of the OEB's **Practice Direction on Cost Awards**, a municipality (whether participating individually or as part of a group) is not eligible for a cost award. However, given the unique nature of this proceeding, the OEB is making an exception to this rule and will allow municipalities or Municipal Groups to receive cost awards for their participation. The OEB is making this exception pursuant to section 3.07 of the *Practice Direction on Cost Awards*.

Other interested parties that seek intervenor status in this proceeding may also seek cost award eligibility in accordance with the *Practice Direction on Cost Awards*.

Interested parties should note that being eligible for a cost award does not guarantee that all costs claimed will be recovered. Cost awards are determined by the OEB at the conclusion of the proceeding. All parties are encouraged to review the OEB's *Practice Direction on Cost Awards* for guidance on eligible costs and disbursements and on the OEB's considerations in awarding costs.

Parties that are approved as intervenors, including those approved for cost eligibility, will be advised by the OEB at a later date in Procedural Order No. 1.

LEARN MORE

You have the right to information about this proceeding and to participate in the process. Visit www.oeb.ca/participate and use file number **EB-2026-0009** to:

- Review proceeding documents
- Apply to become an intervenor
- File a letter with your comments
- Register to follow the proceeding

IMPORTANT DATES: You must engage with the OEB on or before **April 20, 2026** to:

- Provide input on the hearing type (oral, electronic or written)
- Apply to become an intervenor

If you do not, the hearing will move forward without you, and you will not receive any further notice of the proceeding.

PRIVACY: If you write a letter of comment, your name and the content of your letter will be put on the public record and the OEB website. If you are a business or if you apply to become an intervenor, all the information you file will be on the OEB website.

To learn more about this proceeding, you can also visit the **Model Franchise Agreement Review Engage With Us** webpage.

Ontario Energy Board

1-877-632-2727

Monday - Friday: 8:30 AM - 5:00 PM

oeb.ca