



EB-2014-0199

IN THE MATTER OF a proceeding initiated by the Ontario Energy Board to review the Quarterly Rate Adjustment Mechanism process for natural gas distributors.

**NOTICE OF PROCEEDING AND PROCEDURAL ORDER NO. 1
REVIEW OF THE QUARTERLY RATE ADJUSTMENT MECHANISM
PROCESS FOR NATURAL GAS DISTRIBUTORS
June 3, 2014**

The Ontario Energy Board has commenced a proceeding on its own motion to review the Quarterly Rate Adjustment Mechanism (“QRAM”) for natural gas distributors. This proceeding is commenced pursuant to sections 19 and 36 of the *Ontario Energy Board Act, 1998*. The file number assigned to this proceeding is EB-2014-0199.

In its Decision and Order in the EB-2014-0039 proceeding, the Board determined that it would commence a process to consider alternatives to the current QRAM protocols associated with the dissemination of information, timing and underlying drivers of the QRAM.

QRAM Process Review

This review will proceed in two phases.

The first phase will examine the QRAM review process including the filing of the application and supporting evidence, triggers for a substantive review and the timelines for review and comments. This phase will also review the Board’s policy with respect to rate mitigation and examine protocols with respect to consumer communications.

The intent of this first phase is to determine:

- (i) Whether the QRAM process should be amended to require, in certain cases, a substantive review of the application, including a review of the execution of the gas supply plan;

- (ii) If the QRAM process is amended as described, what circumstances should trigger a substantive review;
- (iii) Whether the Board should establish a policy on rate mitigation to protect system-supply customers from rate volatility; for example, by further smoothing rate impacts over time; and
- (iv) Whether the Board should establish protocols for communications to distribution customers.

Intervention and Cost Awards

The Board will grant intervenor status to all parties who were granted intervenor status in the Board's proceeding on Methodologies for Commodity Pricing, Load Rebalancing and Cost Allocation for Natural Gas Distributors (EB-2008-0106). In addition, the Board will also grant intervenor status to all Ontario licensed gas marketers, as well as the Association of Power Producers of Ontario and Energy Probe Research Foundation Inc.

Cost awards will be available to eligible participants under section 30 of the *Ontario Energy Board Act, 1998* for their participation in this proceeding. Costs awarded will be recovered from Enbridge Gas Distribution Inc. ("Enbridge"), Natural Resource Gas Limited ("NRG") and Union Gas Ltd. ("Union") based on their respective distribution revenues. The Board will grant cost eligibility to those parties that were eligible for costs in the EB-2008-0106 proceeding, and to the Association of Power Producers of Ontario and Energy Probe Research Foundation Inc. Gas marketers are not eligible for a cost award by reason of section 3.03(c) of the Board's *Practice Direction on Cost Awards*.

A list of parties approved as intervenors and those found eligible to apply for an award of costs is attached as **Appendix A** to this Notice. Cost awards will be determined in accordance with the Board's *Practice Direction on Cost Awards*.

Any party that is not listed in Appendix A and wishes to participate as an intervenor in this proceeding must file a letter of intervention with the Board and copy the letter to Enbridge, Union and NRG within **7 days** of the issuance of this Notice. Any party that does not wish to intervene but wishes to file a letter of comment with the Board must do so by June 17, 2014 (14 calendar days).

Process

The Board intends to proceed by way of a written hearing unless a party satisfies the Board that there is a good reason for not holding a written hearing. If you object to the Board holding a written hearing in this matter, you must provide written reasons why an oral hearing is necessary. Any submissions objecting to a written hearing must be received by the Board within **7 days** of the issuance of this Notice.

The Board wishes to complete the first phase of this review and implement any changes to the QRAM process in its review of the next set of QRAM applications. The Board will therefore defer the July 2014 QRAM application filing date for Enbridge, Union, and NRG until this review is complete.

The second phase will be conducted in the context of the 2014 Natural Gas Market Review which is scheduled for the fall of 2014. This review would include an examination of underlying drivers of the QRAM, including the cost and risk trade-offs of different gas supply planning parameters. Further details will be provided in due course. The Board also invites comments from interested parties by way of letter filed with the Board no later than July 25, 2014 on the potential scope of this second phase.

IT IS ORDERED THAT:

1. For July 1, 2014:
 - a. Enbridge shall proceed with the calculation of the rate riders resulting from the Board's decisions in the EB-2014-0039 proceeding and file the recalculated rate riders for approval by June 13, 2014. The reference price and resulting rates established in the April 2014 QRAM proceeding shall remain at that level until the Board completes this review. The disposition of new PGVA balances is also deferred until this review is completed.
 - b. For Union, the reference prices and resulting rates established in the April 2014 QRAM proceeding shall remain at that level until the Board completes this review. The disposition of new PGVA balances is also deferred until this review is completed.
 - c. For NRG, the reference price and resulting rates established in the interim decision issued in the EB-2014-0053 April 2014 QRAM proceeding shall remain at that level unless amended as a result of that proceeding. The disposition of new PGVA balances is also deferred until this review is completed.
2. Interested parties are invited to submit written comments to the Board on the issues listed in this Notice as part of the first phase of this review by June 17, 2014. The comments will be available on the Board's website under proceeding number **EB-2014-0199**. The link to that file is http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/search/rec&sm_udf10=eb-2014-0199&sortd1=rs_dateregistered&rows=200. Any

party that wishes to reply to a written comment filed by any other party must do so by June 24, 2014.

Further instructions on the process for the July QRAM applications will be determined as part of this proceeding.

All filings to the Board must quote the file number EB-2014-0199, be made electronically through the Board's web portal at <https://www.pes.ontarioenergyboard.ca/eservice/>, in searchable / unrestricted PDF format. Two paper copies must also be filed at the Board's address provided below. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at <http://www.ontarioenergyboard.ca/OEB/Industry>. If the web portal is not available parties may email their documents to the address below.

All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

IF YOU DO NOT FILE A WRITTEN SUBMISSION OBJECTING TO A WRITTEN HEARING OR DO NOT PARTICIPATE IN THE HEARING BY FILING WRITTEN SUBMISSIONS IN ACCORDANCE WITH THIS NOTICE, THE BOARD MAY PROCEED WITHOUT YOUR PARTICIPATION AND YOU WILL NOT BE ENTITLED TO FURTHER NOTICE IN THIS PROCEEDING.

ADDRESSES

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Dated at Toronto, June 3, 2014

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Appendix A

**NOTICE OF PROCEEDING AND
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REVIEW OF THE QUARTERLY RATE ADJUSTMENT
MECHANISM PROCESS FOR
NATURAL GAS DISTRIBUTORS**

June 3, 2014

Ontario Energy Board
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LIST OF INTERVENORS

June 03, 2014

INTERVENORS

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