



EB-2016-0296  
EB-2016-0300  
EB-2016-0330

**Union Gas Limited  
Enbridge Gas Distribution Inc.  
Natural Resource Gas Limited**

**Applications for approval of the cost consequences  
of cap and trade compliance plans**

**PROCEDURAL ORDER NO. 2  
and Decision on Issues List**

**February 17, 2017**

Union Gas Limited (Union), Enbridge Gas Distribution Inc. (Enbridge ) and Natural Resource Gas Limited (NRG) (collectively, the Gas Utilities) each filed an application with the Ontario Energy Board (OEB) on November 15, 2016 seeking approval of the cost consequences arising from each of their Cap and Trade Compliance Plans for the January 1 to December 31, 2017 time period. The Gas Utilities filed their applications in accordance with the OEB's *Report of the Board – Regulatory Framework for Assessment of Costs of Natural Gas Utilities' Cap and Trade Activities* (Cap and Trade Framework)<sup>1</sup>.

The OEB assigned the following file numbers to the applications: EB-2016-0296 (Union), EB-2016-0300 (Enbridge) and EB-2016-0330 (NRG).

**Proceeding Background**

On November 24, 2016 the OEB issued a Notice of Hearing (Notice) for a combined public hearing to consider the Union, Enbridge and NRG Cap and Trade Compliance Plan applications.

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<sup>1</sup> EB-2015-0363.

On November 26, 2016 the OEB issued an Interim Rate Order approving rates, on an interim basis, so that the Gas Utilities can begin to recover the projected costs associated with their Cap and Trade Compliance Plans until the OEB issues its final rate decision. The OEB's final rate decision will include any adjustments to the rates recovered on an interim basis pursuant to the Interim Rate Order.

On January 27, 2017 the OEB issued Procedural Order No. 1, which included a draft Issues List and an invitation for parties to provide comments.

## **Issues List**

The OEB received comments on the draft Issues List from Union, Enbridge, the Low Income Energy Network (LIEN) and Environmental Defence.

### *Submissions by Enbridge on the Draft Issues List*

In its letter of February 3, 2017 Enbridge suggested that draft Issues 1.2 and 1.3 include the methodology underpinning the volume and GHG emissions forecasts.

Enbridge also suggested revising draft Issue 5 – Cost Recovery, to include additional wording related to the reasonableness of the tariffs.

Enbridge's final recommendation was to add a new Issue 6 related to the implementation of the OEB's final Decision.

## **OEB Findings**

The OEB will not make changes to draft Issues 1.2 or 1.3. The OEB is of the view that the proposed additions are not necessary as the utilities are expected to use their existing OEB-approved methodologies to which the volume and GHG emissions forecasts are integral.

The OEB accepts the additional topic suggested by Enbridge under Issue 5 as to whether the proposed tariffs are just and reasonable. The OEB has also added an Issue 5.2, pursuant to the Cap and Trade Framework, requiring that the customer-related and facility-related charges be presented separately in the tariffs.

The OEB will add Enbridge's proposed Issue 6 to outline the implementation process and to clarify that implementation matter submissions are within the scope of this proceeding.

#### *Submissions by Union on the Draft Issues List*

In its letter of February 3, 2017 Union suggested that draft Issue 1.1 (appropriateness of the proposed forecast period) be removed as the OEB clearly indicated as part of the Cap and Trade Framework that the gas utilities should file a one-year Compliance Plan for 2017.

Union further requested that draft Issues 1.2 (volume forecasts), 1.3 (GHG emissions forecasts) and 1.4 (carbon price forecast), be revised to ensure it is clear all forecasts are for 2017.

Union also suggested removing several issues (draft Issues 1.7 – Performance Metrics, 1.9 – Longer Term Investments, 1.10 – New Business Activities; and Issue 2 – Monitoring and Reporting) as they are generally not applicable or relevant to the first year of its Compliance Plan.

#### **OEB Findings**

The OEB will remove draft Issue 1.1 as the OEB clearly indicated in the Cap and Trade Framework that the Gas Utilities should file a one-year compliance plan for 2017. The OEB will include this issue in future compliance plan proceedings when necessary.

The OEB does not consider the proposed changes to draft Issues 1.2, 1.3 and 1.4 are necessary as it is clear that the applications are in relation to the 2017 Cap and Trade Compliance Plans.

The OEB does not accept Union's proposal to remove draft Issues 1.7, 1.9, 1.10 and 2 from the Issues List. Although there might not be Longer Term Investments or New Business Activities in the 2017 Compliance Plan, the utilities can provide some discussion as to how these have been considered in the development of the Plans.

The Performance Metrics and Monitoring and Reporting issues are integral to all Compliance Plans, including those developed for 2017.

*Submissions by LIEN and Environmental Defence on the Draft Issues List*

LIEN and Environmental Defence both requested that a new issue be added related to the gas utilities' proposed greenhouse gas abatement activities.

**OEB Findings**

The OEB will include a new Issue 1.10 on the final Issues List regarding the Gas Utilities' consideration of abatement activities.

The final Issues List addressing all of the OEB's findings above can be found in Schedule A.

**Interrogatory Responses**

Enbridge filed a letter with the OEB on February 3, 2017 in which they asked to extend their filing deadline for its responses to the OEB Staff interrogatories as key staff would be unavailable the week of March 13, 2017. Enbridge requested that the deadline for responses to interrogatories from OEB Staff be extended to March 27, 2017, and confirmed that they will file all other interrogatory responses on March 17, 2017, as indicated in Procedural Order No. 1.

OEB staff filed a letter on February 16, 2017 indicating that its interrogatories for the Gas Utilities, both on the public and strictly confidential evidence, will be filed on or before February 17, 2017 thereby providing the Gas Utilities an additional week to prepare responses. The OEB will therefore maintain the original response schedule outlined in Procedural Order No. 1.

The OEB may issue further procedural orders from time to time.

**IT IS THEREFORE ORDERED THAT:**

1. The Final Issues List as attached as Schedule A to this Decision and Procedural Order No. 2 will be used in this proceeding.

2. OEB staff shall request any relevant information and documentation on non-confidential evidence from each of the Gas Utilities that is in addition to the evidence already filed, by written interrogatories filed with the OEB and served on all parties by **February 17, 2017**. OEB staff interrogatories that reference strictly confidential information shall be clearly identified as such and served only on the gas utility to which the interrogatories are directed by February 17, 2017.

All filings to the OEB must quote the file numbers **EB-2016-0296 / EB-2016-0300 / EB-2016-0330**, be made in searchable / unrestricted PDF format electronically through the OEB's web portal at <https://www.pes.ontarioenergyboard.ca/eservice/>. Two paper copies must also be filed at the OEB'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. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

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.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Josh Wasylyk at [Josh.Wasylyk@ontarioenergyboard.ca](mailto:Josh.Wasylyk@ontarioenergyboard.ca) and OEB Counsel, Ljuba Djurdjevic, at [Ljuba.djurdjevic@ontarioenergyboard.ca](mailto:Ljuba.djurdjevic@ontarioenergyboard.ca).

**ADDRESS**

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**DATED** at Toronto, **February 17, 2017**

**ONTARIO ENERGY BOARD**

Original signed by

Kirsten Walli  
Board Secretary

Schedule A

EB-2016-0296

EB-2016-0300

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**Issues List**

**February 17, 2017**

1. **Cost Consequences** - Are the requested cost consequences of the Gas Utilities' Compliance Plans reasonable and appropriate?

**Forecasts**

- 1.1 Are the volume forecasts used reasonable and appropriate?
- 1.2 Are the GHG emissions forecasts reasonable and appropriate?
- 1.3 Is the carbon price forecast reasonable and appropriate?

**Compliance Plan**

- 1.4 Is the gas utility's Compliance Plan overview reasonable and appropriate?
- 1.5 Has the gas utility reasonably and appropriately conducted its Compliance Plan option analysis and optimization of decision making?
- 1.6 Are the proposed performance metrics and cost information reasonable and appropriate?
- 1.7 Has the gas utility reasonably and appropriately presented and conducted its Compliance Plan risk management processes and analysis?
- 1.8 Are the gas utility's proposed longer term investments reasonable and appropriate?
- 1.9 Are the gas utility's proposed new business activities reasonable and appropriate?
- 1.10 Are the gas utility's proposed greenhouse gas abatement activities reasonable and appropriate?

2. **Monitoring and Reporting** – Are the proposed monitoring and reporting processes reasonable and appropriate?

3. **Customer Outreach** – Are the proposed customer outreach processes and methods reasonable and appropriate?

4. **Deferral and Variance Accounts** – Are the proposed deferral and variance accounts reasonable and appropriate? Is the disposition methodology appropriate?

Schedule A

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**Issues List**

**February 17, 2017**

**5. Cost Recovery**

5.1 Is the proposed manner to recover costs reasonable and appropriate?

5.2 Are the tariffs just and reasonable and have the customer-related and facility-related charges been presented separately in the tariffs?

**6. Implementation** – What is the implementation date of the final rates and how will the final rates be implemented?