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April 18, 2017

VIA RESS, EMAIL and COURIER

Ms Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, Suite 2700
Toronto, Ontario, M4P 1E4

Dear Ms Walli:

Re: Enbridge Gas Distribution Inc. ("Enbridge")
Cap and Trade Application ("Application")
Ontario Energy Board ("Board") File Number EB-2016-0300
Misecllaneous Exhibit

Attached please find Enbridge Gas Distribution's Exhibit K1.1 – Enbridge Cap and Trader Presentation as presented in the hearing room in the above noted proceeding.

This submission was filed through the Board's Regulatory Electronic Submission System and will be available on the Enbridge website at www.enbridgegas.com/ratescase.

Please contact the undersigned if you have any questions.

Yours truly,

[original signed]

Lorraine Chiasson
Regulatory Coordinator

cc: Mr. D. O'Leary, Aird & Berlis LLP
All Interested Parties EB-2016-0300 (via email)

Enbridge Cap and Trade 2017 Compliance Plan Introduction

for OEB Public Hearing – April 18

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Outline

- **Background & Fundamentals**
- **Key Program Milestones**
- **Utilities' Obligations**
- **Addressing the Framework**
- **Enbridge's Approach**
- **Relief Sought**

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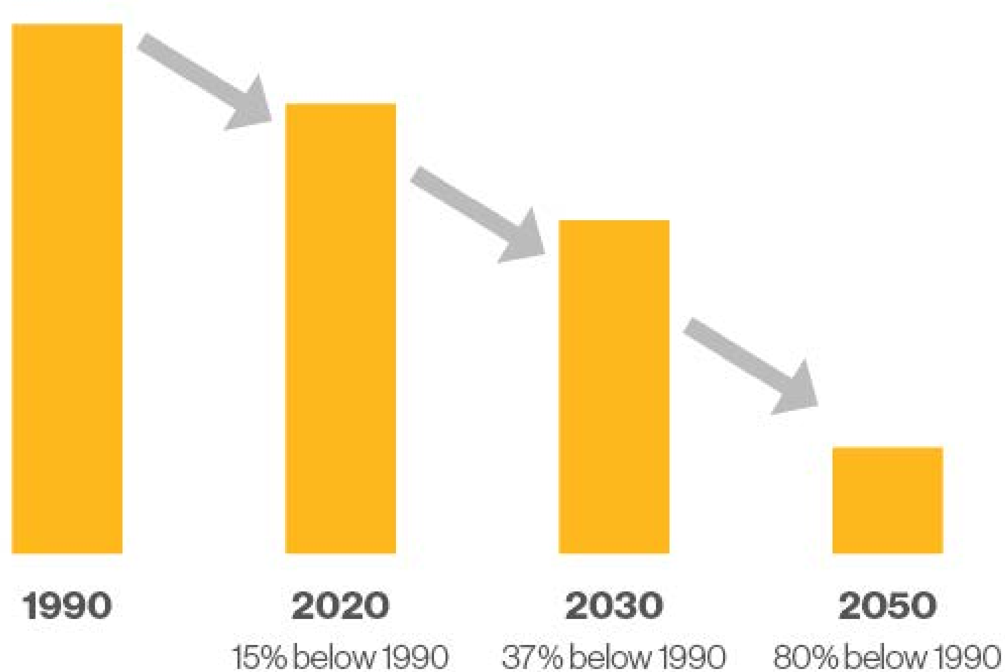
Background

Cap and trade is part of Ontario's Climate Change Strategy "designed to help fight climate change, and reward businesses that reduce their greenhouse gas emissions."
Government of Ontario



Cap and Trade Fundamentals

- "Capped participants" must acquire permits, called allowances or credits, to match their reported greenhouse gas (GHG) emissions
- 1 allowance/credit = 1 tonne CO_2e (carbon dioxide equivalent) emissions
- The CAP goes down each year (approx. 4%)
- Allowances created by government
  - Free allowances and Early Reduction Credits allocated by government
  - Four auctions per year, plus Strategic Reserve Sales
- Entities can TRADE with each other/the market
- First compliance period 4 years (2017- 2020)
  - Compliance Plan is one year of a 4 year compliance period
  - Market in 2017 is Ontario only
  - Future linkage with California and Quebec TBD
- Can procure up to 8% in Offset Credits towards compliance obligation

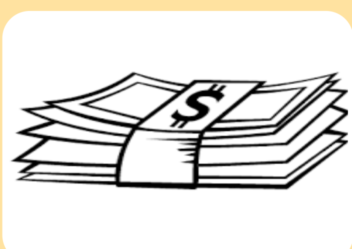
Participants in Cap and Trade

Mandatory “capped” participants

- Fuel distributors (oil, propane, diesel) and natural gas distributors
- Electricity Importers
- Large Final Emitters (>25K tonnes CO_2e per year – if only emissions from natural gas would use ~>13 million m3/year), excluding natural gas power generators

Voluntary “opt-in” participants

- Emitters between 10 - 25K tonnes CO_2e per year may decide to opt-in as a participant (if only emissions from NG would use between ~5-13 million m^3/year), excluding natural gas power generators
- If not, natural gas utility responsible for acquiring natural gas related allowances



Market participants

- Any entity that wants to participate in the carbon market for commercial or environmental objectives (i.e. banks, etc.)

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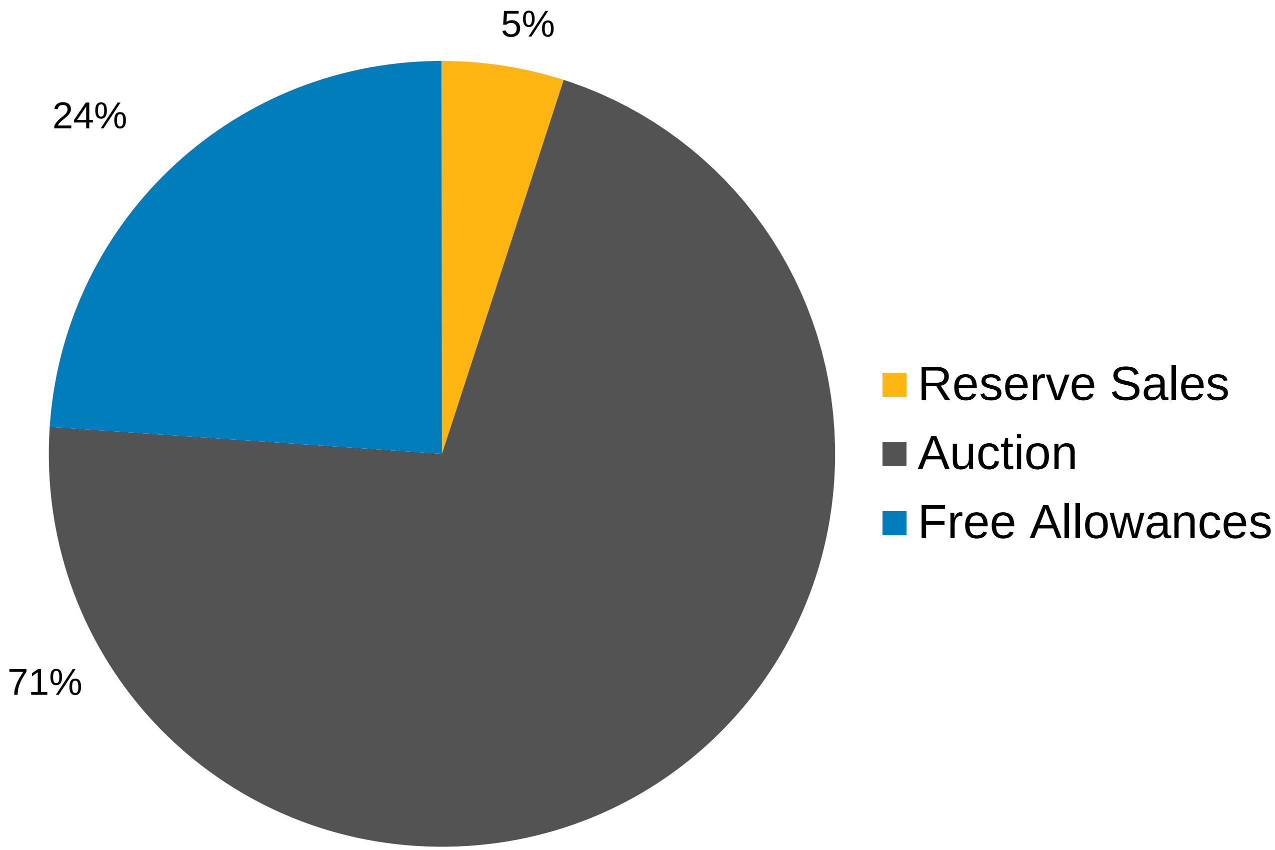
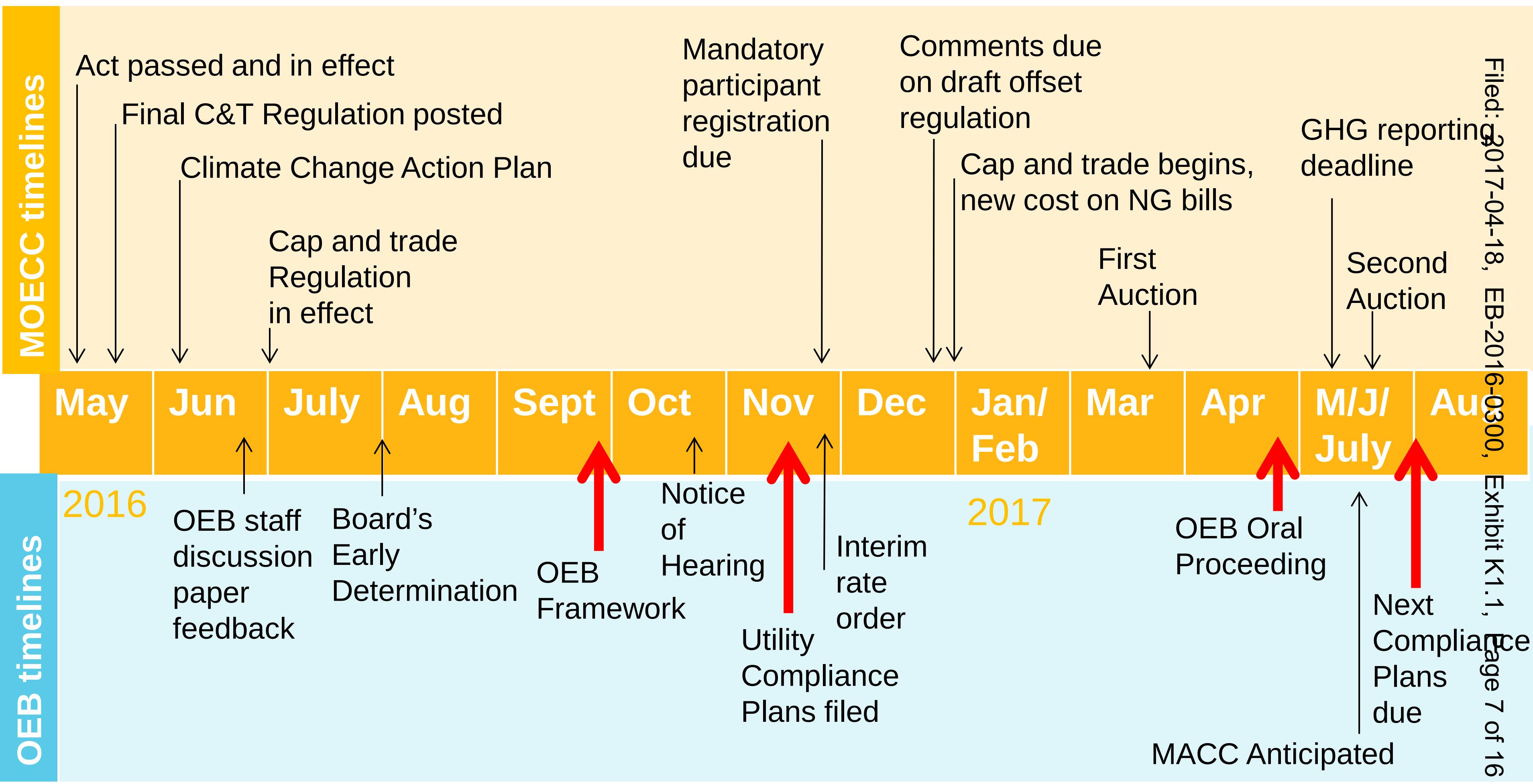
Ontario’s 2017 Allowances



n = 142M allowances

Key Program Milestones



Utilities' Obligations

Ministry of the Environment and Climate Change (MOECC) requirements:

- Report and verify natural gas related GHGs
- Comply with Climate Change Mitigation and Low Carbon Economy Act ("Climate Change Act") and related regulations as a Capped Participant

Ontario Energy Board (OEB) requirements:

- Submit Plan for compliance obligation as per Cap and Trade Framework (EB-2015-0363)
- Create volumetric forecast based on Board approved methodology
- Recover costs volumetrically (customer and/or facility components)

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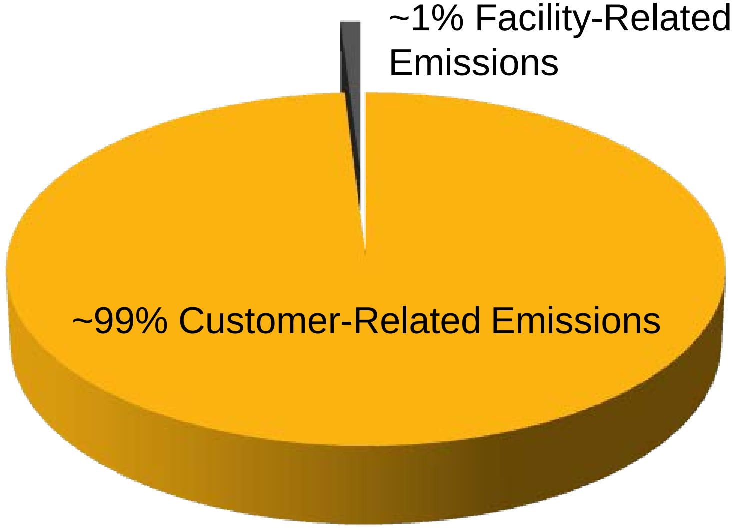
Enbridge's Compliance Obligation



Customer:	**20,907,621 tCO_2e**
Facility:	**230,055 tCO_2e**
Total:	**21,137,676 tCO_2e**

Rate 1 customer charge = 3.3518 cents/m^3

Typical residential customer impact = ~$80/year
(based on 2,400 m^3/year)

Addressing the Framework

Guiding Principles

- Cost-effectiveness
- Rate Predictability
- Cost Recovery
- Transparency
- Flexibility
- Continuous Improvement

Enbridge also incorporated other methodologies and directions as indicated in the Framework and related Cap and Trade decisions.

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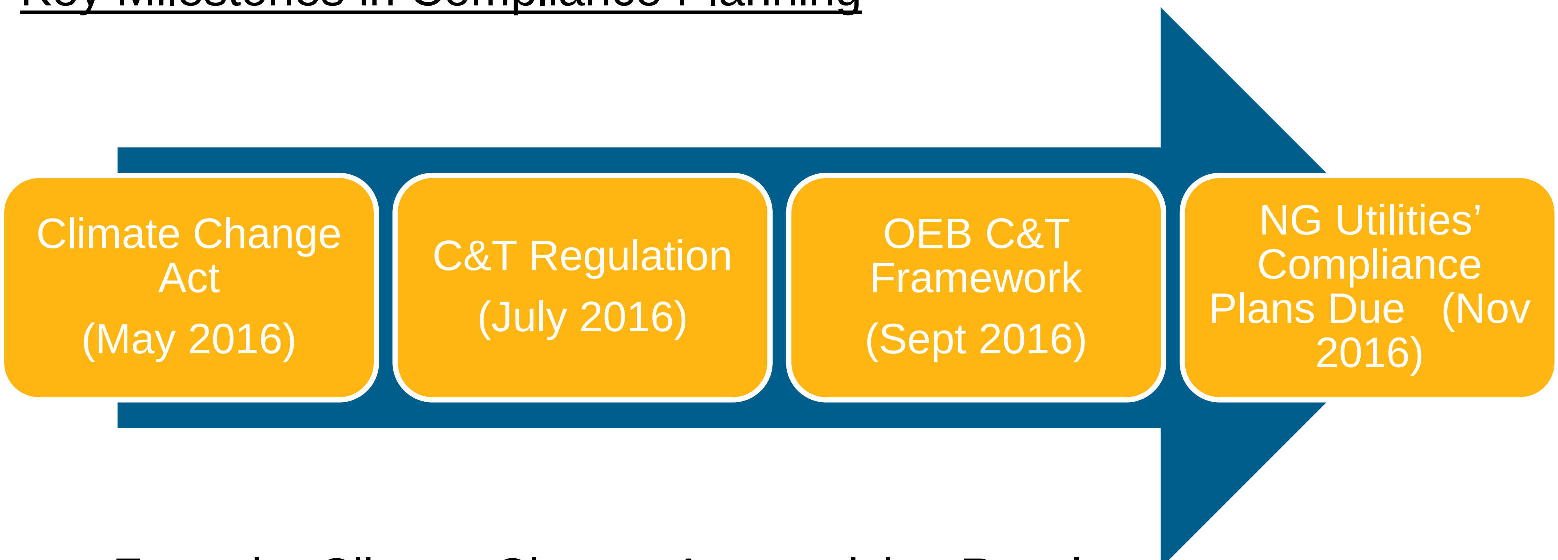
Compliance Planning Approach

Key Milestones in Compliance Planning



- From the Climate Change Act receiving Royal Assent to today there is less than one-year
- Timelines and several unknowns make a one-year Compliance Plan within a four-year compliance period appropriate

2017 Compliance Planning Approach

Compliance Plan Components

Compliance Plan

- Market Instruments including Allowances and Offsets
- Customer Abatement
- Facility Abatement

Compliance Reporting

1) Board Required Annual Monitoring Reports

- File by August 1 of the year following year

2) Regular Reporting to Enbridge's Carbon Procurement Governance Group

3) Proposed Additional Reporting To Board

- Notify the Board should one of the following thresholds be triggered:
  - 25% increase in actual weighted average cost of an allowance
  - 25% change in forecasted volumes
  - Significant market changes

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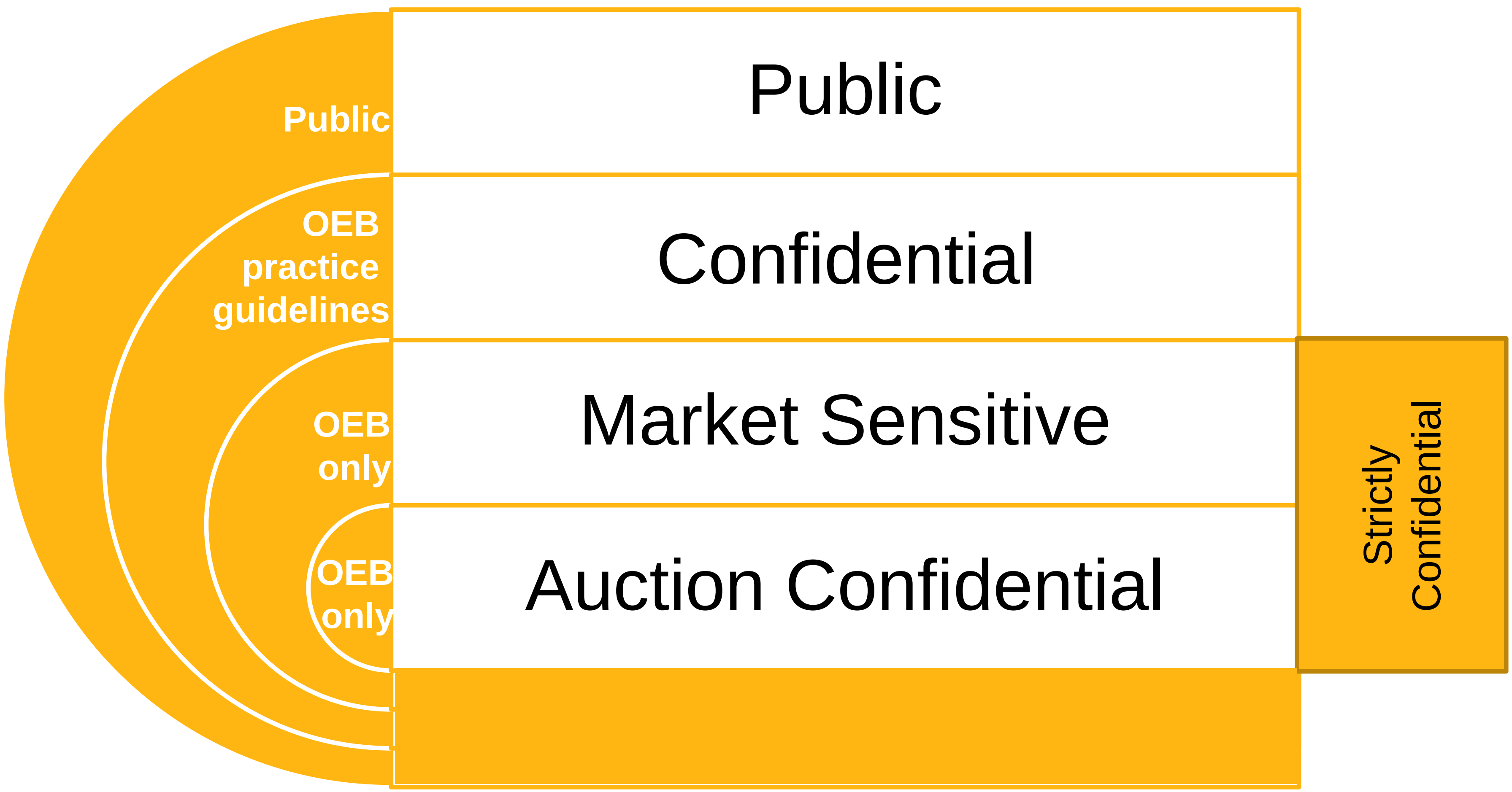
Confidentiality Requirements



Relief Sought

- A determination that the Compliance Plan is reasonable and consistent with the Framework
- A determination that the resulting costs are appropriate and prudent