



EB-2017-0224
EB-2017-0255
EB-2017-0275

**Enbridge Gas Distribution Inc.
Union Gas Limited
EPCOR Natural Gas Limited Partnership**

**Applications for approval of the cost consequences of
cap and trade compliance plans and for interim rates
effective January 1, 2018**

**DECISION AND ORDER
November 30, 2017**

Enbridge Gas Distribution Inc. (Enbridge), Union Gas Limited (Union Gas) and EPCOR Natural Gas Limited Partnership (EPCOR) (collectively the Gas Utilities) each filed an application with the Ontario Energy Board (OEB) seeking approval of the forecast costs arising from their Cap and Trade Compliance Plan for the January 1 - December 31, 2018 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).¹

The OEB assigned the following file numbers to the applications: EB-2017-0224 (Enbridge), EB-2017-0255 (Union Gas) and EB-2017-0275 (EPCOR).

Background

The *Climate Change Mitigation and Low-carbon Economy Act, 2016* (the Climate Change Act) was passed by the Ontario Legislature and received Royal Assent on May 18, 2016. On May 19, 2016, Ontario Regulation 144/16, *The Cap and Trade Program* (Cap and Trade Regulation), was issued. The Climate Change Act and the Cap and

¹ EB-2015-0363

Trade Regulation set forth the details of a Cap and Trade program for the purposes of reducing greenhouse gas (GHG) emissions in Ontario. The Climate Change Act established that the first compliance period for the Cap and Trade program will run from January 1, 2017 until December 31, 2020, with subsequent three-year compliance periods.

Under the Climate Change Act, the Gas Utilities need to develop strategies to meet their Climate Change Act compliance obligations. Costs will be incurred by the Gas Utilities to comply with the Climate Change Act and the OEB is responsible for assessing the cost consequences of the Gas Utilities' compliance plans for the purpose of approving recovery of the costs through rates.

The Applications

On November 9 and 17, 2017, the Gas Utilities each filed their Cap and Trade Compliance Plan as required by the Cap and Trade Framework. As part of each application, the Gas Utilities are seeking approval to recover the forecast cost consequences of their respective 2018 Cap and Trade Compliance Plan.

The Gas Utilities requested the approval, on an interim basis, of their proposed 2018 cap and trade charges effective January 1, 2018. The bill impact for a typical residential customer is an estimated increase of approximately \$0.40 to \$0.50 per month on average. The exact amount of the increase will depend on the amount of gas that a customer uses.

Combined Proceeding

Due to the similarity of the requests in the applications filed by the Gas Utilities, pursuant to Section 21(5) of the *Ontario Energy Board Act, 1998* (the Act), the OEB has determined that it will hear the applications in a combined proceeding.

The file number for the combined proceeding will be EB-2017-0224 / EB-2017-0255 / EB-2017-0275 and must be referenced in all correspondence concerning this proceeding.

Findings

The Gas Utilities' request for the interim approval of their proposed 2018 cap and trade charges is denied. The OEB is of the view that these requests are not warranted because the rate impacts for a typical residential customer and the incremental costs proposed to be incurred by the Gas Utilities are not significant enough to warrant an immediate increase. In addition, the Gas Utilities have received prior OEB approval to establish variance accounts that track the difference between actual customer- and facility-related obligation costs and the customer- and facility-related obligation costs recovered in rates. The mechanism for disposing of this difference can be determined as part of this proceeding. Therefore, the final 2017 OEB-approved cap and trade charges shall continue until such time as the OEB completes its review and the OEB makes a determination of the approved 2018 cap and trade charges.

Notwithstanding the timing of the disposition of the variance noted above, the OEB expects that the disposition of that variance will be mechanistic in nature.

IT IS THEREFORE ORDERED THAT:

1. The Enbridge Gas Distribution Inc., Union Gas Limited, and EPCOR Natural Gas Limited Partnership 2018 Cap and Trade Compliance Applications will be heard as part of a joint proceeding.

ADDRESS

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DATED at Toronto, **November 30, 2017**

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary