



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 2018 cap and trade compliance plans**

**PROCEDURAL ORDER NO. 6**

**July 6, 2018**

Enbridge Gas Distribution Inc. (Enbridge Gas), Union Gas Limited (Union Gas) and EPCOR Natural Gas Limited Partnership (EPCOR Natural Gas) (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 Plans 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).<sup>1</sup>

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

In light of recent legislative developments regarding the winding down of the cap and trade regime by the government, this Procedural Order suspends the OEB's review of the Gas Utilities' cap and trade Compliance Plans and provides direction to the Gas Utilities in respect of the tracking of costs in the cap and trade related deferral and variance accounts.

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

## Background

The focus of this Compliance Plan Proceeding is to determine the costs that the Gas Utilities may be permitted to recover through rates in respect of activities to meet their obligations under the *Climate Change Mitigation and Low-carbon Economy Act, 2016* (Climate Change Act) and Ontario Regulation 144/16, The Cap and Trade Program (Cap and Trade Regulation) made under the Climate Change Act. Briefly, under this statutory regime and the OEB's Cap and Trade Framework, the Gas Utilities prepare cap and trade Compliance Plans that outline how they will meet obligations under the Climate Change Act and the Cap and Trade Regulation. The OEB reviews those Compliance Plans for cost-effectiveness and reasonableness to determine the appropriate associated costs to be recovered from natural gas customers through rates.

The cap and trade charges approved by the OEB in respect of the Gas Utilities' 2017 cap and trade Compliance Plans currently remain in effect, as the OEB denied the Gas Utilities' requests to charge their higher proposed 2018 cap and trade charges on an interim basis effective January 1, 2018.<sup>2</sup>

This Compliance Plan Proceeding is nearing completion, with final written reply submissions having been filed by the Gas Utilities at the end of June 2018.

## Revocation of the Cap and Trade Regulation

On July 3, 2018, the government of Ontario filed Ontario Regulation 386/18, Prohibition Against the Purchase, Sale and Other Dealings with Emission Allowances and Credits (Revocation Regulation). The Revocation Regulation, made under the Climate Change Act, does the following effective July 3, 2018:

- (i) revokes the Cap and Trade Regulation
- (ii) prohibits registered participants from purchasing, selling, trading or otherwise dealing with emission allowances and credits

The Gas Utilities are registered participants.

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<sup>2</sup> Procedural Order No. 1, November 30, 2017. The 2017 charges were approved by the OEB in its Decision on the Gas Utilities 2017 cap and trade Compliance Plans in EB-2016-0296 / EB-2016-0300 / EB-2016-0330

## Status of 2018 Cap and Trade Compliance Plan Proceeding

The OEB recognizes that the Climate Change Act currently remains in effect, and that elements of the government's approach to winding down the cap and trade regime are not yet known. However, given the Revocation Regulation the OEB considers it appropriate to suspend its review of the Gas Utilities' 2018 cap and trade Compliance Plans.

In its Decision regarding the Gas Utilities' 2017 cap and trade Compliance Plans, the OEB determined that each of the Gas Utilities should establish variance accounts to track their customer-related and facility-related compliance obligation costs, consistent with the Cap and Trade Framework, as well as a deferral account to track administrative costs.<sup>3</sup>

At this time, the OEB asks that the tracking of costs in these accounts is performed with sufficient specificity to identify pre and post Revocation Regulation costs and the exact nature of the post Revocation Regulation costs.

The OEB will also require the Gas Utilities to provide written confirmation for the public record that they have ceased cap and trade activities in compliance with the Revocation Regulation.

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

### IT IS THEREFORE ORDERED THAT:

1. Each of Enbridge Gas Distribution Inc., Union Gas Limited, and EPCOR Natural Gas Limited Partnership shall file a letter for the public record with the OEB confirming that they have ceased cap and trade activities in compliance with Ontario Regulation 386/18, Prohibition Against the Purchase, Sale and Other Dealings with Emission Allowances and Credits, no later than **Friday, July 13, 2018**.

All filings to the OEB must quote the file numbers **EB-2017-0224 / EB-2017-0255 / EB-2017-0275**, be made in searchable / unrestricted PDF format electronically through the OEB's web portal at <https://www.pes.ontarioenergyboard.ca/eservice/>. Two paper

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<sup>3</sup> In its Decision in EB-2016-0296 / EB-2016-0300 / EB-2016-0330 the OEB directed the Gas Utilities to establish a Greenhouse Gas Emissions Compliance Obligation – Customer-related variance account (GHG-Customer VA); a Greenhouse Gas Emissions Compliance Obligation – Facility-related variance account. (GHG-Facility VA); Greenhouse Gas Emissions Impact Deferral Account (GGEIDA)

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.

**ADDRESS**

Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, 27th Floor  
Toronto ON M4P 1E4  
Attention: Board Secretary

E-mail: boardsec@oeb.ca  
Tel: 1-888-632-6273 (Toll free)  
Fax: 416-440-7656

**DATED** at Toronto, July 6, 2018

**ONTARIO ENERGY BOARD**

*Original signed by*

Kirsten Walli  
Board Secretary