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September 17, 2018

Delivered by Email

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
Suite 2701
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: EB-2018-0249 Enbridge Gas Distribution Inc. ("Enbridge") and EB-2018-0253 Union Gas Limited ("Union") QRAM Applications

We are counsel to the Association of Power Producers of Ontario ("**APPrO**") in respect of the above noted matters.

APPrO is a non-profit organization representing more than 100 companies involved in the generation of electricity in Ontario, including generators and suppliers of services, equipment and consulting services. APPrO members produce power from natural gas, as well as hydro, nuclear, wind, waste wood and other sources.

Among APPrO's members are gas-fired generators in the Enbridge and Union franchise areas. Within the Enbridge franchise, these generators take service primarily under Rate 125 (as well as Rate 115 and Rate 110). All customers in the Rate 125 rate class are power generators and are not represented by any other consumer group. Within the Union franchise, gas-fired generators contract for distribution and transportation services under several rate classes, including Rate T2 and Rate M12.

In accordance with the Ontario Energy Board's letter dated August 30, 2018, as part of its QRAM filing both Enbridge and Union are both proposing to eliminate Cap and Trade charges from their tariffs effective October 1, 2018.

In addition, Enbridge has applied for interim approval of a volumetric charge to all customers to dispose of balances included within its GHG Customer-Related Variance Account and GHG Facility-Related Variance Account, and the Greenhouse Gas Emissions Impact Deferral Account.[1] Enbridge is planning to apply these charges to applicable consumption volumes for the period October 1, 2018 to October 31, 2018.

By contrast, Union has applied for interim approval of a volumetric charge to all customers to dispose of balances included within Union's Greenhouse Gas Emissions Impact Deferral

[1] EB-2018-0249 Application at Exhibit Q4-2, Tab 5, Schedule 1, Appendix A, Table 5.

Account, Greenhouse Gas Emissions Compliance Obligation – Customer Related variance account, and Greenhouse Gas Emissions Compliance Obligation – Facility-Related variance account,[2] however for in-franchise contract and ex-franchise rate classes Union is proposing to use a one-time adjustment to dispose of Cap-and-Trade deferral and variance account balances with the October 2018 bills customers receive in November 2018.[3]

APPrO understands that the OEB will undertake a prudence review of the amounts in EGD and Union's respective Cap-and-Trade related accounts to ensure that all costs incurred were appropriate at a later date. As a result, APPrO is focusing its comments specifically on the interim allocation and disposition methodologies proposed by each of Enbridge and Union.

While APPrO has previously advocated for a prospective disposition of cap-and-trade variance amounts, APPrO argued for this approach in the context of an ongoing cap-and-trade program. APPrO members had concerns in this context about potential market distortions arising from large variance amounts. These two QRAM applications arise in a fundamentally different context, where the cap-and-trade program has been ended, and the gas utilities are being asked to rebate to customers of amounts that have previously been over-collected.

In this context, APPrO submits that Enbridge's proposal to apply a volumetric charge over a limited one month period to dispose of its cap-and-trade related balances for Rate 125, Rate 115 and Rate 110 customers is neither just nor reasonable. Customers that happen to consume less gas during the month of October will not receive the full benefit of the rebate. Since the month of October is a shoulder season in the electricity sector, it is likely that gas fired generators will be dispatched less frequently than they would at other times of the year as a result of low market demand or long term outage planning. This means that gas fired generators will likely receive much less than the total rebate which Enbridge has forecasted are owing to these customers.

Because of this issue, APPrO submits that for Rate 125, Rate 115, and Rate 110 customers, Enbridge should provide the rebate by making a one-time adjustment to customers' October 2018 bills. APPrO submits that Enbridge could make this one-time adjustment based on actual historical volumes that actually contributed to the accumulated surplus in these variance accounts – thus ensuring a fair allocation of this rebate among all customers.

Finally, APPrO submits that Union should clarify that the unit rates set out in Schedule 7 to be used to determine these one-time adjustments related to the Cap & Trade disposition amounts have been calculated based on historical volumes and will be allocated to customers on a pro-rated basis based on customers actual historical consumption to ensure that customers are rebated the appropriate amounts.

Sincerely,

BORDEN LADNER GERVAIS LLP
Per:

Original signed by John A. D. Vellone

John A. D. Vellone

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[2] EB-2018-0253 Application at Tab 2, Schedule 7.
[3] EB-2018-0253 Application at Tab 2, Page 11, Lines 8-12.

cc: David Butters, APPrO
John Wolnik, Elenchus
Andrew Mandyam, Enbridge Gas Distribution Inc.
Fred Cass, Aird & Berlis LLP
Vanessa Innis, Union Gas Limited
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