



**EB-2018-0331**

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

**Applications for the disposition of Cap and Trade-Related Deferral and Variance  
Accounts for the period 2016-2018**

**NOTICE AND PROCEDURAL ORDER NO. 1  
December 7, 2018**

On September 11, 2018, Enbridge Gas Distribution Inc. (Enbridge Gas) and Union Gas Limited (Union Gas) filed their October 2018 Quarterly Rate Adjustment Mechanism (QRAM) applications<sup>1 2</sup> with the Ontario Energy Board (OEB). On September 20, 2018, EPCOR Natural Gas Limited Partnership (EPCOR Gas) filed its October 2018 QRAM application<sup>3</sup> with the OEB. These applications sought to adjust rates charged for natural gas to account for changes in both gas supply costs and the discontinuance of the provincial cap and trade program.

This Notice and Procedural Order No. 1 provides for procedural steps in the OEB's prudence review of the cap and trade-related variance and deferral accounts for Enbridge Gas, Union Gas and EPCOR Gas (collectively the Gas Utilities). Pursuant to section 21(5) of the *Ontario Energy Board Act, 1998*, the OEB will hold a combined proceeding to consider the applications of the Gas Utilities.<sup>4</sup>

The OEB assigned the following file number to this combined proceeding: EB-2018-0331.<sup>5</sup>

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<sup>1</sup> EB-2018-0249

<sup>2</sup> EB-2018-0253

<sup>3</sup> EB-2018-0261

<sup>4</sup> Section 21(5) of the *Ontario Energy Board Act, 1998* states that "the Board may combine two or more proceedings or any part of them, or hear two or more proceedings at the same time, without the consent of the parties"

<sup>5</sup> Evidence previously filed in the Gas Utilities' October 2018 QRAM applications will be transferred to this docket

## Background

On July 3, 2018, the provincial government filed Ontario Regulation 386/18, Prohibition Against the Purchase, Sale and Other Dealings with Emission Allowances and Credits (Revocation Regulation), which:

- (i) revoked Ontario Regulation 144/16, The Cap and Trade Program; and
- (ii) prohibited registered participants (including the Gas Utilities) from purchasing, selling, trading or otherwise dealing with emission allowances and credits.

Given the Revocation Regulation, the OEB suspended its review of the 2018 cap and trade Compliance Plans of the Gas Utilities on July 6, 2018. The OEB also asked the Gas Utilities to track costs in their cap and trade-related deferral and variance accounts<sup>6</sup> with sufficient specificity to identify pre and post Revocation Regulation costs and the exact nature of the post Revocation Regulation costs.<sup>7</sup>

On August 30, 2018, the OEB issued a letter to the Gas Utilities directing them, as part of their October 2018 QRAM applications, to request: (i) the elimination of their cap and trade charges and (ii) the disposition of any projected net credit amounts in the aggregate balance of their cap and trade-related variance and deferral accounts as at September 30, 2018.<sup>8</sup> As directed, in September 2018, the Gas Utilities applied to remove their cap and trade charges. Also, Enbridge Gas and Union Gas requested approval for the disposition of the net credit amounts in the aggregate balance of their cap and trade-related variance and deferral accounts. EPCOR Gas did not request approval for the disposition of its cap and trade-related variance and deferral accounts as its accounts were in a net debit position.

On September 27, 2018, the OEB issued its Decisions and Interim Rate Orders for the three October 2018 QRAM applications. In doing so, the OEB: (i) eliminated the cap and trade charges; and (ii) approved the interim disposition of any over-collections in the cap and trade-related variance and deferral accounts of Enbridge Gas and Union Gas, pending a prudence review to be conducted by the OEB.

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<sup>6</sup> In the OEB's Decision 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)

<sup>7</sup> EB-2017-0224/0255/0275, Procedural Order #6

<sup>8</sup> <http://www.rds.oeb.ca/HPECMWebDrawer/Record?q=CaseNumber:EB-2017-0224&sortBy=recRegisteredOn-&pageSize=400>

## Scope of Hearing

The OEB is proceeding with a prudence review of the Gas Utilities' cap and trade-related variance and deferral account balances. After the OEB completes the prudence review and the balances are approved and disposed of, the Gas Utilities are expected to close their cap and trade-related variance and deferral accounts.

## Supplemental Evidence

In their 2018 October QRAM applications, Enbridge Gas and Union Gas filed their projected net credit amounts in the aggregate balance of their cap and trade-related variance and deferral accounts as at September 30, 2018. Having reviewed the evidence filed, the OEB believes that more detailed information is required. As a result, the OEB directs Enbridge Gas and Union Gas to file the following supplemental evidence:

- For 2016, actual balances in Greenhouse Gas (GHG) Emissions Impact Deferral Account (GGEIDA). The information should include the documentation supporting the total 2016 balances and a description of the exact nature of each of the expenses incurred
- For 2017 and 2018, the actual balances in each of GGEIDA, GHG Customer-related Variance Account and GHG Facility-related Variance Account and any forecast amount, where applicable. The information should include the documentation supporting the 2017 and 2018 total actual balances and forecast balances, where applicable. Also, include a description of the exact nature of each of the expenses incurred
- Auction Transaction Summaries for 2017 and 2018
- Actual vs. Forecast Compliance Portfolio for 2017 and 2018

The OEB also directs EPCOR Gas to file the following supplemental evidence:

- For 2017 and 2018, the actual balances in each of GGEIDA, GHG Customer-related Variance Account and GHG Facility-related Variance Account and any forecast amount, where applicable. The information should include the documentation supporting the 2017 and 2018 total actual balances and forecast balances, where applicable. Also, include a description of the exact nature of each of the expenses incurred
- Auction Transaction Summaries for 2017 and 2018
- Actual vs. Forecast Compliance Portfolio for 2017 and 2018

The Gas Utilities should, in their supplemental evidence, identify pre and post

Revocation Regulation costs and the exact nature of the post Revocation Regulation costs.

The OEB notes that the supplemental evidence to be filed by the Gas Utilities may contain information that has been previously identified as strictly confidential material.<sup>9</sup> When filed, such information should be identified as strictly confidential and not placed on the public record or made available to other parties.

## Interrogatories

After the supplemental evidence is filed, parties will be provided with an opportunity to ask written interrogatories to the Gas Utilities. Written interrogatories and interrogatory responses on information that has been previously identified as non-confidential information will be filed as set out in the order below.

OEB staff may also file interrogatories on information that has been previously identified as strictly confidential. These will be identified as strictly confidential and will not be placed on the public record or made available to other parties. Similarly, interrogatory responses that refer to information that has been previously identified as strictly confidential will be provided to the OEB only and not be made available to other parties.

## Other Procedural Matters

There are two types of OEB hearings – oral and written. The OEB will determine at a later date whether to proceed by way of a written or oral hearing. If you think an oral hearing is needed, you can write to the OEB to explain why by **December 21, 2018**.

This Notice and Procedural Order No. 1 has been sent to all parties in the Gas Utilities':

- October 2018 QRAM applications<sup>10</sup>
- 2017 Cap and Trade Compliance Plan applications<sup>11</sup>
- 2018 Cap and Trade Compliance Plan applications<sup>12</sup>
- Last major rates proceeding<sup>13</sup>

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<sup>9</sup> EB-2015-0363 *Report of the Board - Regulatory Framework for Assessment of Costs of Natural Gas Utilities' Cap and Trade Activities* sets out two categories of strictly confidential information: auction confidential and market sensitive information

<sup>10</sup> EB-2018-0249 (Enbridge Gas), EB-2018-0253 (Union Gas) and EB-2018-0261 (EPCOR Gas)

<sup>11</sup> EB-2016-0296/0300/0330

<sup>12</sup> EB-2017-0224/0255/0275

<sup>13</sup> EB-2011-0210 (2013 Union Gas Rates), EB-2011-0354 (2013 Enbridge Gas Rates), and EB-2018-0235 (2016-2019 EPCOR Gas Rates)

If any of the parties in the above referenced proceedings wish to participate as an intervenor in this proceeding they should apply for intervenor status by filing and serving a letter of intervention (which should include your interest in the proceeding and a statement as to whether you wish to request cost eligibility) by **December 21, 2018**. The OEB will also consider intervention and cost eligibility requests from any other interested person by **December 21, 2018**.

The OEB further directs each of the Gas Utilities to make a copy of this Notice and Procedural Order No. 1, the application and the evidence that is not confidential, and any additions to its evidence that is not confidential, available for public review in a prominent place on the Gas Utilities' websites.

The OEB is making provision for the following procedural steps in the order below. The OEB may issue further procedural orders from time to time.

**IT IS THEREFORE ORDERED THAT:**

1. Enbridge Gas, Union Gas and EPCOR Gas shall post on their respective websites a copy of this Notice and Procedural Order No. 1, the application and the non-confidential evidence.
2. Any person wishing to intervene in this proceeding shall file an intervention request with the OEB by **December 21, 2018**.
3. If one of the Gas Utilities wishes to object to an intervention request, it shall file its written submission with the OEB and serve it on the person applying for intervenor status by **January 10, 2019**.
4. If the person applying for intervenor status wishes to respond to the objection, that person shall file its response with the OEB and serve it on the objecting party by **January 17, 2019**.
5. Gas Utilities are to file all supplemental evidence as outlined in this Notice and Procedural Order No. 1 on their cap and trade-related variance and deferral accounts with the OEB and served on all parties by **January 31, 2019**. Supplemental evidence that is strictly confidential shall be filed only with the OEB and shall be clearly identified as strictly confidential.

6. OEB staff and intervenors 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 15, 2019**.
7. OEB staff shall request any relevant information and documentation on strictly confidential evidence from each of the Gas Utilities that is in addition to the evidence already filed, by written interrogatories filed with the OEB by **February 15, 2019**. These interrogatories shall be clearly identified as strictly confidential and filed with the OEB and served only on the gas utility to which the interrogatory is directed.
8. Each of the Gas Utilities shall file with the OEB complete written responses to all interrogatories and serve them on all intervenors and OEB staff by **March 8, 2019**. Responses (or parts of responses) to strictly confidential interrogatories shall be filed only with the OEB and shall be clearly identified as strictly confidential.

All filings to the OEB must quote the file numbers **EB-2018-0331**, 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.OEB.ca/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 memory stick 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, Laurie Klein at [Laurie.Klein@oeb.ca](mailto:Laurie.Klein@oeb.ca) and OEB Counsel, Lawren Murray, at [Lawren.murray@oeb.ca](mailto:Lawren.murray@oeb.ca).

**ADDRESS**

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**DATED** at Toronto, **December 7, 2018**

**ONTARIO ENERGY BOARD**

*Original signed by*

Kirsten Walli  
Board Secretary