



December 11, 2018

BY EMAIL & RESS

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

Dear Ms. Walli:

Re:

**EB-2018-0205 – Enbridge Gas Distribution Inc. – 2019 Federal Carbon Pricing Application
EB-2018-0187 – Union Gas Limited – 2019 Federal Carbon Pricing Program Application
Updated Application and Approvals Sought (“Applications”)**

Enbridge Gas Distribution Inc. (“EGD”) and Union Gas Limited (“Union”) jointly write this letter in relation to the Applications, as filed with the Ontario Energy Board (“OEB” or the “Board”) on October 9, 2018 and October 10, 2018 respectively.

Updated Application

Subsequent to EGD and Union (together the “Utilities”) filing the Applications, the federal government of Canada announced updates to the Federal Carbon Pricing Program (the “FCPP”) under the Greenhouse Gas Pollution Pricing Act (the “GGPPA”) including: (i) confirmation that the FCPP will apply to Ontario; (ii) a delay of the effective date of the carbon charge on fossil fuels imposed on distributors, importers and producers to April 1, 2019; and, (iii) consultation on carbon price relief for qualified entities operating greenhouses. The Utilities also anticipate that the federal government will confirm, prior to January 1, 2019, that voluntary participants who emit between 10 to 50 ktCO₂e and who carry out an activity for which an Output-Based Standard (“OBS”) is prescribed will be eligible to opt-into the Output Based Pricing System (“OBPS”). The Utilities plan to file an updated application and evidence in early January 2019 in order to address these changes to the FCPP. Also, because the Utilities will amalgamate to become Enbridge Gas Inc. (“Enbridge Gas”) effective January 1, 2019, the updated application/evidence

will be consolidated into one application by Enbridge Gas, referencing the existing docket numbers.¹

Interim Approval

In contrast to the carbon charge on fossil fuels, the effective date of the OBPS remains January 1, 2019. As a result, effective January 1, 2019, Enbridge Gas will be required to record emissions and costs resulting from storage and transmission compression fuel volumes and flaring volumes. In order to appropriately account for these volumes, the Utilities hereby request that the OEB approve the facility-related deferral accounts and the attached associated draft accounting orders in the name of Enbridge Gas as soon as possible and no later than December 31, 2018, for each of the EGD rate zone (see Attachment 1) and Union rate zones (see Attachment 2)² on an interim basis, effective January 1, 2019. Enbridge Gas will seek final approval of these deferral accounts through its updated and consolidated application in early January 2019. Board issuance of the requested orders in the name of Enbridge Gas would be conditional upon Enbridge Gas filing a Certificate of Status of Amalgamation with the Board as soon as reasonably practicable in early January 2019.

If you have any questions with respect to this request please contact me at 519-436-4558.

Sincerely,

[Original signed by]

Adam Stiers
Specialist, Regulatory Initiatives

c.c.: EB-2018-0205, Parties *(via email)*
EB-2018-0187, Parties *(via email)*
Myriam Seers, Torys *(via email)*
Michael Bell, OEB Staff *(via email)*

¹ EB-2017-0306; EB-2017-0307.

² Collectively, the Union North and Union South rate zones are referred to as the “Union rate zones”.

DRAFT

ACCOUNTING TREATMENT FOR A
FEDERAL CARBON CHARGE-FACILITY VARIANCE ACCOUNT
("FCCFVA") EGD RATE ZONE

The purpose of the FCCFVA is to record the variance between actual facility carbon costs and actual facility costs recovered in rates as approved by the Board.

Simple interest is to be calculated on the opening monthly balance of this account using the Board approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the Board in a future rate hearing.

Accounting Entries

1. To record the variance in facility related charges:

Debit/Credit:	FCCFVA	(Account 179.____)
Credit/Debit:	Miscellaneous Operating Revenue	(Account 579. 000)

To record the variance between actual facility charges and the actual facility charges recovered in rates.

2. Interest accrual:

Debit/Credit:	Interest on FCCFVA	(Account 179.____)
Credit/Debit:	Interest expense	(Account 323. 000)

To record simple interest on the opening monthly balance of the FCCFVA using the Board approved EB-2006-0117 interest rate methodology.

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UNION RATE ZONES

**Accounting Entries for
Federal Carbon Charge – Facility Deferral Account
Deferral Account No. 179-XXX**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit - Account No. 179-XXX
 Other Deferred Charges – Federal Carbon – Facility

Credit - Account No. 579
 Miscellaneous Operating Revenue

To record, as a debit (credit) in Deferral Account No. 179-XXX, the variance between actual facility carbon costs and facility carbon costs recovered in rates as approved by the Board.

Debit - Account No. 179-XXX
 Other Deferred Charges – Federal Carbon – Facility

Credit - Accounts No. 323
 Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-XXX, interest on the balance in Deferral Account No. 179-XXX. Simple Interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.