



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. 7**

**December 10, 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).

The focus of this Compliance Plan Proceeding was 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.

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*.

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

That Regulation, made under the Climate Change Act, did the following effective July 3, 2018:

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

The Gas Utilities are registered participants.

In light of the above developments, the OEB issued Procedural Order No. 6 on July 6, 2018 suspending the OEB's review of the Gas Utilities' cap and trade Compliance Plans and providing direction to the Gas Utilities in respect of the tracking of costs in their cap and trade-related variance and deferral accounts.<sup>2</sup>

On August 30, 2018, the OEB issued a [letter](#) to the Gas Utilities directing them to request the following in their October 2018 Quarterly Rate Adjustment Mechanism (QRAM) applications:

- (i) the elimination of their cap and trade charges
- (ii) the disposition of any projected net credit amount in the aggregate balance of their cap and trade-related variance and deferral accounts as at September 30, 2018

In its Decisions and Interim Rate Orders issued in respect of the three October 2018 QRAM applications, the OEB:

- (i) ordered the removal of each Gas Utility's cap and trade charges effective October 1, 2018
- (ii) approved the disposition of any net over-collections in each Gas Utility's cap and trade-related variance and deferral accounts on an interim basis, pending the OEB's prudence review of amounts in those accounts to ensure that all costs incurred were appropriate.<sup>3</sup>

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<sup>2</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); and a Greenhouse Gas Emissions Impact Deferral Account (GGEIDA).

<sup>3</sup> EB-2018-0249, Decision and Interim Rate Order (Enbridge Gas), September 27, 2018; EB-2018-0253, Decision and Interim Rate Order (Union Gas), September 27, 2018; EB-2018-0261, Decision and Interim Rate Order (EPCOR), September 27, 2018. In the case of EPCOR, there was no such over-collection as its cap and trade-related accounts were in a net debit position as of September 30, 2018.

Details regarding the prudence review proceeding have been issued by the OEB in the QRAM applications.<sup>4</sup>

On November 14, 2018, the *Cap and Trade Cancellation Act, 2018* repealed the Climate Change Act and provided for various matters related to the winding down of the Cap and Trade program.

Given all of the above, the OEB will discontinue this Compliance Plan Proceeding upon completion of the process for addressing cost awards.

The OEB is therefore making provision for the filing and determination of cost claims for the Compliance Plan Proceeding. A number of intervenors in this Compliance Plan Proceeding were determined to be eligible to apply for an award of costs in Procedural Order No. 1 dated December 28, 2017; specifically: Association of Power Producers of Ontario; Building Owners and Managers Association, Greater Toronto; Consumer Council of Canada; Canadian Manufacturers & Exporters; Energy Probe; Environmental Defence, Federation of Rental-Housing Providers of Ontario; Green Energy Coalition, Industrial Gas Users Association; Low-income Energy Network; London Property Management Association; Ontario Association of Physical Plant Administrators; Ontario Sustainable Energy Association; and School Energy Coalition (collectively, Cost Eligible Parties).

As indicated in Procedural Order No. 1, the OEB will not generally allow the recovery of costs for the attendance of more than one representative of any party, unless a compelling reason is provided when cost claims are filed. Parties are expected, on a best effort basis, to submit a cost claim for each of the Gas Utilities in order to allow them to make a submission on the reasonability of the cost claims. This approach should not be interpreted as being determinative of the methodology the OEB will use to allocate the cost claims to each of the three applicants.

**IT IS THEREFORE ORDERED THAT:**

1. Each Cost Eligible Party shall file with the OEB, and forward to Enbridge Gas, EPCOR Natural Gas, and Union Gas, its cost claim no later than **December 21, 2018.**

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<sup>4</sup> EB-2018-0331, Notice and Procedural Order No. 1, December 7, 2018

2. Enbridge Gas Distribution, EPCOR Natural Gas Limited Partnership, and Union Gas Limited shall file with the OEB, and forward to all parties, any objections to the claimed costs no later than **January 17, 2019**.
3. Any Cost Eligible Party whose cost claim was objected to may file with the OEB and serve on the objecting party a reply submission as to why its cost claim should be allowed no later than **January 24, 2019**.
4. Enbridge Gas, EPCOR Natural Gas, and Union Gas shall pay the OEB's costs incidental to this proceeding upon receipt of the OEB's invoice.

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 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 USB flash drive 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](mailto:boardsec@oeb.ca)  
Tel: 1-888-632-6273 (Toll free)  
Fax: 416-440-7656

**DATED** at Toronto, December 10, 2018

**ONTARIO ENERGY BOARD**

*Original signed by*

Kirsten Walli  
Board Secretary