



February 21, 2019

BY EMAIL, COURIER & RESS

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4

**Re: EB-2018-0331 – Enbridge Gas Inc. – 2016-2018 Cap-and-Trade Deferral & Variance Account Disposition**

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Dear Ms. Walli:

Effective January 1, 2019, Enbridge Gas Distribution Inc. (“EGD”) and Union Gas Limited (“Union”) amalgamated to become Enbridge Gas Inc. (“Enbridge Gas”). Enclosed is the application and evidence submitted by Enbridge Gas concerning the disposition and recovery of certain 2016-2018 Cap-and-Trade-related year-end deferral and variance account balances (the “Application”) for all Enbridge Gas rate zones (EGD, Union North and Union South).<sup>1</sup> The Application has been filed through the Ontario Energy Board’s (the “OEB”) RESS and will be available at: [www.enbridgegas.com/Regulatory-Proceedings](http://www.enbridgegas.com/Regulatory-Proceedings) and [www.uniongas.com/about-us/company-overview/regulatory](http://www.uniongas.com/about-us/company-overview/regulatory).

Enbridge Gas is filing this Application pursuant to the OEB’s Procedural Order No. 2 and the OEB’s letter dated January 22, 2019 granting Enbridge Gas’s request to file all supplemental evidence by February 21, 2019.<sup>2</sup> The Application is supported by evidence which is outlined below:

Exhibit A	Overview
Exhibit B	Deferral and Variance Accounts
Exhibit C	Transaction Summaries and Procurement Activity
Exhibit D	Cost Recovery

To meet the OEB’s commitment to transparency as well as maintain market integrity, Enbridge Gas has redacted portions of this filing previously identified as Strictly Confidential material, consistent with the OEB’s Procedural Order’s No. 1, No. 2 and No. 3. Enbridge Gas confirms that all of the redactions relate to Auction Confidential and Market Sensitive information as these terms are defined in the OEB’s Regulatory Framework for the Assessment of Costs of Natural Gas Utilities’ Cap and Trade Activities dated September 26, 2016 (EB-2015-0363). An un-redacted version of this filing will be filed in confidence with the OEB.

Enbridge Gas proposes that the impacts which result from the final disposition of 2016-2018 Cap-and-Trade-related deferral and variance account balances be implemented on October 1, 2019 to align with other rate changes implemented through the Quarterly Rate Adjustment Mechanism.

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<sup>1</sup> Collectively, the Union North and Union South rate zones are referred to as the “Union rate zones”.

<sup>2</sup> EB-2018-0331, Procedural Order No. 2, January 18, 2019; EB-2018-0331, OEB Letter, January 22, 2019.

If you have any questions concerning this Application and supporting evidence please contact me at (519) 436-4558.

Yours truly,

*[Original Signed by]*

Adam Stiers  
Technical Manager, Regulatory Applications

c.c.: Dennis O'Leary (Aird & Berlis)  
David Stevens (Aird & Berlis)  
All Intervenors (EB-2018-0331)

**ONTARIO ENERGY BOARD**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15 (Schedule. B);

**AND IN THE MATTER OF** an Application by Enbridge Gas Inc. for an order or orders clearing certain Cap-and-Trade-related non-commodity deferral and variance accounts.

**APPLICATION**

1. Enbridge Gas Distribution Inc. (“EGD”) and Union Gas Limited (“Union”) (together the “Utilities”) were Ontario corporations incorporated under the laws of the Province of Ontario carrying on the business of selling, distributing, transmitting and storing natural gas within the meaning of the *Ontario Energy Board Act, 1998* (the “Act”). Effective January 1, 2019 the Utilities amalgamated to become Enbridge Gas Inc. (“Enbridge Gas”).
2. On September 26, 2016, the Ontario Energy Board (“OEB” or “Board”) issued the Regulatory Framework for the Assessment of Costs of Natural Gas Utilities’ Cap-and-Trade Activities (EB-2015-0363) (the “Framework”). The Framework at page 7 specifically states that the OEB will review the Utilities’ Compliance Plans “for prudence and reasonableness in meeting Cap and Trade obligations with a view to determining the appropriate costs to be recovered from natural gas customers in rates”.
3. As required by the Framework, the Utilities filed Cap-and-Trade Compliance Plans for 2017 and 2018 seeking a determination by the Board that the Compliance Plans were prudent and reasonable and an Order from the OEB setting rates to allow for the recovery of Cap-and-Trade compliance costs. As part of its approval of the Utilities’ 2017 Compliance Plans, the

OEB:<sup>1</sup> (i) determined that the cost consequences associated with the Utilities' 2017 Compliance Plans were reasonable; (ii) approved the recovery of certain costs through rates; and (iii) approved the establishment of certain Cap-and-Trade-related deferral and variance accounts.

4. On July 3, 2018, the government of Ontario filed the *Prohibition Against the Purchase, Sale and Other Dealings with Emission Allowances and Credits* (Ontario Regulation 386/18) ("Revocation Regulation") which revoked *The Cap-and-Trade Program* (Ontario Regulation 144/16) and prohibited registered participants from purchasing, selling, trading or otherwise dealing with emission allowances and credits. On July 6, 2018, the OEB issued Procedural Order No. 6 in the 2018 Compliance Plan proceeding which:<sup>2</sup> (i) noted that the 2017 Cap-and-Trade charges approved by the OEB were to remain in effect; (ii) suspended the OEB's review of the Utilities' 2018 Compliance Plans; and (iii) directed the Utilities to track 2018 Compliance Plan-related costs in the OEB-approved Cap-and-Trade-related deferral and variance accounts.
5. On August 30, 2018, the OEB issued a Letter directing the Utilities to Apply for Elimination of Cap and Trade Charges and for the Disposition of Amounts in Related Accounts (the "Letter") directing the Utilities, as part of their October 2018 Quarterly Rate Adjustment Mechanism ("QRAM") applications (EB-2018-0249/0253/0261), to: (i) request the elimination of Cap-and-Trade related charges; and (ii) request disposition of the projected aggregate net credit balance in Cap-and-Trade-related deferral and variance accounts as at September 30, 2018. The Letter went on to state that, in the future, the OEB would undertake

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<sup>1</sup> EB-2016-0296/0300/0330, Decision and Order, September 21, 2017.

<sup>2</sup> EB-2017-0224/0255/0275, Procedural Order No. 6, July 6, 2017.

a prudence review of the amounts in the Utilities' Cap and Trade-related accounts in order to determine that all costs incurred were appropriate and to establish final rates.

6. The Utilities filed QRAM applications on September 11, 2018 and the Board issued its decision in respect of each on September 27, 2018. The Board approved the applications as filed and determined that rates would remain interim pending the OEB's final rate Order disposing of the Cap-and-Trade-related deferral and variance accounts balances following the review contemplated in the Letter.<sup>3</sup>
7. By a Notice and Procedural Order No. 1 dated December 7, 2018 ("P.O. No. 1"), the OEB provided the procedural steps for its review of Cap-and-Trade-related deferral and variance accounts. This Application is filed in response to the Letter and P.O. No. 1.
8. Enbridge Gas hereby applies for the approval of final balances for all 2016-2018 Cap-and-Trade-related deferral and variance accounts, for all Enbridge Gas rate zones (EGD, Union North and Union South),<sup>4</sup> as listed in Exhibit B and for an order for final disposition of those balances.
9. Enbridge Gas further applies to the Board for all necessary orders and directions concerning pre-hearing and hearing procedures for the determination of this application.
10. This application is supported by written evidence. This evidence may be amended from time to time as required by the Board, or as circumstances may require.

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<sup>3</sup> EB-2018-0249, Decision and Order, September 27, 2018, pp. 4-5; EB-2018-0253, Decision and Order, September 27, 2018, pp. 4-5.

<sup>4</sup> Collectively, the Union North and Union South rate zones are referred to as the "Union rate zones".

11. The persons affected by this application are the customers resident or located in the municipalities, police villages and First Nations reserves and Métis organizations served by Enbridge Gas within the EGD rate zone and Union rate zones, together with those to whom Enbridge Gas sells natural gas, or on whose behalf Enbridge Gas distributes, transmits or stores natural gas. It is impractical to set out in this application the names and addresses of such persons because they are too numerous.

12. The address of service for Enbridge Gas is:

**Enbridge Gas Inc.**

P.O. Box 2001  
50 Keil Drive North  
Chatham, Ontario  
N7M 5M1

Attention: Adam Stiers  
Telephone: (519) 436-4558  
Fax: (519) 436-4641

- and -

**Aird & Berlis LLP**

Suite 1800, Brookfield Place, 181 Bay Street  
P.O. Box 754  
Toronto, Ontario  
M5J 2T9

Attention: Dennis O'Leary  
Telephone: (416) 865-4711  
Fax: (416) 863-1515

DATED: February 21, 2019

Enbridge Gas Inc.

*[Original signed by]*

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Adam Stiers

Technical Manager Regulatory Applications

**2016-2018 CAP-AND-TRADE DEFERRAL & VARIANCE ACCOUNT DISPOSITION:**

**OVERVIEW**

Enbridge Gas Inc. (“Enbridge Gas”) is applying to the Ontario Energy Board (the “Board” or “OEB”) pursuant to Section 36 of the OEB Act for approval to dispose and recover 2016-2018 Cap-and-Trade-related deferral and variance account final balances for the Enbridge Gas Distribution (“EGD”) and Union Gas (“Union”)<sup>1</sup> rate zones (EGD and Union are jointly referred to as the “Utilities”). Enbridge Gas notes that this request follows a review of these same balances that was completed as part of the October 2018 Quarterly Rate Adjustment Mechanism (“QRAM”) proceedings for EGD and Union (EB-2018-0249/0253).

The evidence in this Application is organized as follows:

Exhibit A: Overview

Exhibit B: Deferral and Variance Accounts

Exhibit C: Transaction Summaries & Procurement Activity

Exhibit D: Cost Recovery

This exhibit of evidence discusses the changing carbon policy landscape in Ontario, Enbridge Gas’s obligations as a natural gas utility, and the approvals sought by Enbridge Gas from the Board.

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<sup>1</sup> “Union rate zones” collectively refers to Union North and Union South.

This exhibit of evidence is organized as follows:

1. Background

2. October 2018 QRAM Applications

3. Final 2016-2018 Cap-and-Trade Deferral and Variance Account Balances

4. Confidentiality

5. Administration

**1. BACKGROUND**

On May 18, 2016, Ontario's *Climate Change Mitigation and Low Carbon Economy Act, 2016* (the "Climate Change Act") received Royal Assent. On May 19, 2016, Ontario Regulation 144/16, *The Cap and Trade Program (Cap and Trade Regulation)*, was issued, which provided details about Ontario's Cap-and-Trade program. The *Climate Change Act* and the *Cap and Trade Regulation* established the details of a Cap-and-Trade program for the purposes of reducing greenhouse gas ("GHG") emissions in Ontario. It was recognized that the Utilities would need to develop strategies to meet their *Climate Change Act* compliance obligations and that each would incur new costs complying with their statutory obligations. These costs would in turn then have to be recovered from customers for which the Utilities would require appropriate rate orders from the OEB.

To assist the Utilities with the development of their Compliance Plans and the Board's review of the cost consequences of the Utilities' activities for the purpose of approving cost recovery in rates, the Board initiated a consultation to develop a Regulatory Framework for the Assessment

1 of Costs of Natural Gas Utilities' Cap and Trade Activities (EB-2016-0363) (the "Framework").

2 The Framework was released on September 26, 2016 and notes the detailed process that was  
3 undertaken leading to the issuance of the Framework. At page 2 of the Framework the Board  
4 notes:

5 "In order to develop a framework for assessing the cost consequences of rate-  
6 regulated natural gas utilities' cap and trade activities, OEB staff, assisted by expert  
7 consultants, undertook research into the experience of other jurisdictions (specifically  
8 Québec and California) in addressing the regulatory issues related to cap and trade  
9 programs.

10  
11 OEB staff then engaged in discussions with stakeholders representing customers and  
12 industry. A series of meetings with stakeholders were held during the month of April  
13 2016 to discuss the key elements to be addressed by the Regulatory Framework and  
14 the issues, considerations and options for each of these elements...

15  
16 On May 25, 2016, the OEB issued a Staff Discussion Paper (the Discussion Paper)  
17 which outlined OEB staff's proposals on the key elements, issues, options and  
18 proposals for addressing issues to be included in the Regulatory Framework. The  
19 OEB invited stakeholders to submit their written comments by June 22, 2016.  
20 Comments on the issues and proposals set out in the Discussion Paper were received  
21 from over 40 stakeholders, including natural gas utilities, consumer groups

1           representing residential, commercial and industrial natural gas users as well as  
2           environmental organizations.”  
3

4   The Board noted at page 1 in the Framework that its role was to “...assess the Utilities’  
5   Compliance Plans for cost-effectiveness, reasonableness and optimization, and ultimately to  
6   determine whether to approve the associated cap and trade costs for recovery from customers.”

7   The Board then went on to state at page 7 that:

8           “The OEB expects Utilities to develop Compliance Plans that outline how they will  
9           meet their obligations under Ontario’s *Climate Change Act* and *Cap and Trade*  
10          *Regulation*. The OEB will review these Plans for prudence and reasonableness in  
11          meeting Cap and Trade obligations with a view to determining the appropriate costs  
12          to be recovered from natural gas customers in rates.”  
13

14   Relying upon this guidance and in compliance with the Framework the Utilities filed their Cap-  
15   and-Trade Compliance Plans for 2017 and 2018 outlining how they would meet their obligations  
16   and seeking a determination by the OEB that the Compliance Plans were compliant with the  
17   Framework because, *inter alia*, the plans were reasonable and demonstrated that the Utilities had  
18   prudently optimized decision making to achieve efficiencies and to reasonably manage risk.<sup>2</sup>  
19

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<sup>2</sup> EB-2016-0300, Exhibit A, Tab 2, Schedule 1, p. 3; EB-2016-0296, Exhibit 3, Parts I-II; EB-2017-0224, Exhibit A, Tab 2, Schedule 1, p. 4; EB-2017-0255, Exhibit 3, Tab 1, Part I.

1 The Utilities filed their respective 2017 Compliance Plans on November 15, 2016.<sup>3</sup> On November  
2 24, 2016, the OEB approved the Utilities' requests to establish interim rates effective January 1,  
3 2017 in alignment with the launch of Ontario's Cap-and-Trade Program.<sup>4</sup> Due to the nascence of  
4 Ontario's Cap-and-Trade program and the associated carbon market, the Utilities' 2017  
5 Compliance Plans were simple, flexible (to adapt to the market), minimized risk, and achieved  
6 compliance at a reasonable cost. The OEB subsequently found that the cost consequences  
7 associated with the Utilities' 2017 Compliance Plans were reasonable and approved the recovery  
8 of certain costs through rates on a final basis.<sup>5</sup>

9  
10 The Utilities filed their respective 2018 Compliance Plans on November 9, 2017.<sup>6</sup> Similar to their  
11 2017 Compliance Plans, the Utilities' 2018 Compliance Plans sought OEB-approval to establish  
12 interim rates effective January 1, 2018. On November 30, 2017, the OEB denied the Utilities'  
13 request for approval of interim 2018 rates on the basis that the impacts were not significant  
14 enough to warrant an increase. The OEB instead directed that final 2017 OEB-approved Cap-and-  
15 Trade charges should continue until the OEB completed its review of the Utilities' 2018  
16 Compliance Plans and noted that the cost consequences of the Utilities 2018 Compliance Plans  
17 were to be tracked in the OEB-approved customer and facility-related deferral and variance  
18 accounts, the disposition of which the OEB expected to be "mechanistic in nature".<sup>7</sup>

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<sup>3</sup> EB-2016-0296; EB-2016-0300.

<sup>4</sup> EB-2016-0296/0300/0330, Interim Rate Order, November 24, 2016, pp. 3-4.

<sup>5</sup> EB-2016-0296/0300/0330, Decision and Order, September 21, 2017, p. 3.

<sup>6</sup> EB-2017-0224; EB-2017-0255.

<sup>7</sup> EB-2017-0224/0255/0275, Decision and Order, November 30, 2017, p. 3.

1 It should be recalled that in most material areas the Utilities independently prepared separate 2017  
2 and 2018 Compliance Plans. Each of these applications contained Market Sensitive and Auction  
3 Confidential information which under the *Climate Change Act and Regulations* and under the  
4 Framework was prohibited from being publically disclosed. This meant that the details of the  
5 auction strategies and auction participation of each of the Utilities was not disclosed to any party  
6 other than the Board. Accordingly, neither of the Utilities were aware of the intentions and  
7 actions of the other in respect of the government of Ontario and WCI auctions, offsets markets  
8 and secondary markets as each of the Strictly Confidential portions of the Compliance Plans were  
9 reviewed only by the Board and Board Staff and in the absence of the other utility. The degree of  
10 similarity or dissimilarity of the Compliance Plans from the perspective of any proposed strategy  
11 about whether, when and how each utility intended to acquire compliance instruments at auction  
12 was known only to the Board. It should also be recalled that despite any such differences, the  
13 Board determined that the Compliance Plans of both Utilities for 2017 were reasonable and  
14 consistent with the Framework.<sup>8</sup>

15  
16 On July 3, 2018, the government of Ontario filed the *Prohibition Against the Purchase, Sale and*  
17 *Other Dealings with Emission Allowances and Credits* (Ontario Regulation 386/18) (“Revocation  
18 Regulation”) which revoked Ontario’s Cap-and-Trade Program and prohibited registered  
19 participants (including the Utilities) from purchasing, selling, trading or otherwise dealing with  
20 emission allowances and credits. As a result, on July 6, 2018, the OEB issued Procedural Order

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<sup>8</sup> EB-2016-0296/0300, Decision and Order, September 21, 2017, p. 3.

1 No. 6 in the Utilities' 2018 Compliance Plan proceedings which:<sup>9</sup> (i) noted that the 2017 Cap-  
2 and-Trade charges approved by the OEB were to remain in effect; (ii) suspended the OEB's  
3 review of the Utilities 2018 Compliance Plans; and (iii) directed the Utilities to track 2018  
4 Compliance Plan-related costs in OEB-approved deferral and variance accounts with sufficient  
5 specificity to identify pre-and-post-Revocation Regulation costs and the exact nature of post-  
6 Revocation Regulation costs.

7  
8 On August 30, 2018, the OEB issued a Letter of Direction to Apply for Elimination of Cap and  
9 Trade Charges and for the Disposition of Amounts in Related Accounts, noting that since January  
10 1, 2017, the Utilities and EPCOR Natural Gas Limited Partnership ("EPCOR") recovered costs  
11 related to Cap-and-Trade activities,<sup>10</sup> other than administrative costs,<sup>11</sup> through Cap-and-Trade  
12 charges approved by the OEB.<sup>12</sup> The letter directed the Utilities to:<sup>13</sup> (i) request the elimination of  
13 their Cap-and-Trade charges in their October 2018 QRAM applications effective October 1,  
14 2018; and (ii) request disposition of the projected net credit amount in the aggregate balance of  
15 their Cap-and-Trade-related deferral and variance accounts as at September 30, 2018, identifying  
16 pre-and-post-Revocation Regulation costs and the exact nature of post-Revocation Regulation  
17 costs. The letter stated that the OEB would undertake a prudence review of the amounts in the

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<sup>9</sup> EB-2017-0224/0255/0275, Procedural Order No. 6, July 6, 2018.

<sup>10</sup> EPCOR was formerly Natural Resource Gas Ltd. ("NRG").

<sup>11</sup> Administrative costs are costs relating to the implementation and ongoing operation of the Cap-and-Trade program (e.g. salaries and wages, consulting fees, bad debt, revenue requirement on capital costs, research). These costs were allocated and recovered from all customers in the same manner as existing administrative costs.

<sup>12</sup> EB-2018-0249/0253/0261, OEB Letter: October 2018 Quarterly Gas Adjustment Mechanism Applications Direction to Apply for Elimination of Cap and Trade Charges and for the Disposition of Amounts in Related Accounts, August 30, 2018, p. 1.

<sup>13</sup> EB-2018-0249/0253/0261, OEB Letter: October 2018 Quarterly Gas Adjustment Mechanism Applications Direction to Apply for Elimination of Cap and Trade Charges and for the Disposition of Amounts in Related Accounts, August 30, 2018, p. 2.

1 Utilities' Cap-and-Trade-related deferral and variance accounts and determine final rates through  
2 a future proceeding.

3  
4 As a result of the Revocation Regulation and subsequent OEB's directives, the Utilities' rates  
5 contained Cap-and-Trade-related charges, despite the July 3, 2018 revocation of Ontario's Cap-  
6 and-Trade program, from July 4, 2018 (when the Revocation Regulation took effect) to  
7 September 30, 2018 (after which Cap-and-Trade-related charges were eliminated from the  
8 Utilities' rates).

9  
10 **2. OCTOBER 2018 QRAM APPLICATIONS**

11 In accordance with the direction in the Board's August 30<sup>th</sup> letter, as part of their October 2018  
12 QRAM applications, the Utilities separately sought OEB approval:<sup>14</sup> (i) to eliminate Cap-and-  
13 Trade charges from rates; and (ii) to dispose of the projected net credit amount in the aggregate  
14 balance of their 2016-2018 Cap-and-Trade related deferral and variance account balances on an  
15 interim basis. The Utilities' October 2018 QRAM applications noted that the Utilities' respective  
16 Greenhouse Gas Emissions Impact Deferral Accounts ("GGEIDA") balances did not include all  
17 Cap-and-Trade related costs incurred beyond September 30, 2018 to support the wind-down of  
18 the Cap-and-Trade program. As a result, the Utilities proposed to recover the remaining balances  
19 in their respective GGEIDAs as part of a future proceeding.

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<sup>14</sup> EB-2018-0253; EB-2018-0249.

On September 27, 2018, the OEB approved the Utilities' respective October 2018 QRAM applications as filed, including 2016-2018 Cap-and-Trade related deferral and variance account balances on an interim basis.<sup>15</sup> Table 1 summarizes the balances approved by the OEB.

Additional detail regarding deferral and variance account balances can be found at Exhibit B, including: (i) the Utilities' respective October 2018 QRAM applications; (ii) OEB-approved interim deferral and variance account balances recovered from October 1, 2018 to December 31, 2018; and (iii) final Cap-and-Trade-related balances for which Enbridge Gas is seeking OEB approval to clear through to rates.

Table 1

Interim Cap-and-Trade Deferral and Variance Account Balances as at Sep 30, 2018 (\$000's)

Line No.	Account	2016	2017	2018 <i>Jan 1 – Jul 3</i>	2018 <i>Jul 4 – Sep 30</i>	Total	
1	EGD	GGEIDA	868	2,315	1,483	314	4,980
2		GHG-Customer VA	-	7,360	12,590	(31,091)	(11,141)
3		GHG-Facility VA <sup>(1)</sup>	-	(1,164)	1,003	(374)	(513)
4		EGD Total <sup>(2)</sup>	868	8,511	15,077	(31,151)	(6,674)
5	Union	GGEIDA	2,292	3,282	1,707	306	7,587
6		GGECO – Customer-Related	-	6,026	5,364	(28,243)	(16,853)
7		GGECO – Facility-Related	-	(835)	(1,067)	(1,623)	(3,525)
8		Union Total <sup>(3)</sup>	2,292	8,473	6,004	(29,561)	(12,791)
Notes: (1) – Forecast facility volumes excluded Rate 315/325/332 from July 4, 2018 to September 30, 2018 equating to approximately \$0.020 million; see EB-2018-0249, Exhibit Q4-2, Tab 5, Schedule 1, p. 5. (2) – Includes interest of \$0.396 million up to September 30, 2018. (3) – Includes interest of \$0.200 million up to September 30, 2018.							

As noted by Enbridge Gas in its 2019 Federal Carbon Pricing Program Application, Enbridge Gas will apply to close its Cap-and-Trade-related deferral accounts for the EGD rate zone and Union rate zones in a future proceeding following final disposition of the balances in these accounts.<sup>16</sup>

<sup>15</sup> EB-2018-0249, Decision and Order, September 27, 2018, pp. 4-5; EB-2018-0253, Decision and Order, September 27, 2018, pp. 4-5.

**3. FINAL 2016 – 2018 CAP-AND-TRADE DEFERRAL AND VARIANCE ACCOUNT BALANCES**

Enbridge Gas is seeking an OEB determination that the final balances in its Cap-and-Trade-related deferral and variance accounts for the EGD rate zone and Union rate zones, as summarized in Table 2 and detailed within Exhibit B, are reasonable being the remaining balances of costs incurred by the Utilities implementing their Cap-and-Trade Compliance Plans in order to satisfy their statutory obligations. Upon reaching such a determination Enbridge Gas is also seeking OEB approval of final rates to dispose of and recover 2016-2018 Cap-and-Trade-related deferral and variance account balances for the EGD rate zone and Union rate zones effective October 1, 2019.

Table 2

Final Cap-and-Trade Deferral and Variance Account Balances as at Dec 31, 2018 (\$000's)

Line No.	Account	Total
1	<b>EGD</b>	GGEIDA (705)
2		GHG-Customer VA (6,135)
3		GHG-Facility VA 1,244
4		<b>EGD Total (5,596)</b>
5	<b>Union</b>	GGEIDA (40)
6		GGECO – Customer-Related 1,158
7		GGECO – Facility-Related 188
8		<b>Union Total 1,307</b>

**4. CONFIDENTIALITY**

Enbridge Gas submits that for the reasons set out in its letter to the Board dated December 27, 2018 and for the reasons that will be set out in the submission which will be filed on or before March 5, 2019 pursuant to Procedural Order No.3 dated February 12, 2019, there are portions of this Application that cannot be disclosed on the public record and which must be treated as Strictly Confidential as defined in the Framework. This is consistent with the OEB's direction in

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<sup>16</sup> EB-2018-0205, Exhibit D, p. 2.

Procedural Order No. 2 that information that was previously identified as Strictly Confidential should not be placed on the public record or made available to any other parties. Accordingly, Enbridge Gas has applied the same lens in this proceeding as it did in its 2017 and 2018 Cap-and-Trade Compliance Plan proceedings, to assess and determine what information is public and what information requires redaction for reasons of Strict Confidentiality.

Enbridge Gas has redacted all or portions of the following sections of evidence to protect Strictly Confidential information:

<b>References</b>				
<b>Exhibit</b>	<b>Tab</b>	<b>Reference</b>	<b>Schedule</b>	<b>Justification</b>
C	1	Pages 2 – 18		Auction Confidential & Market Sensitive
C	1	All	1	Auction Confidential & Market Sensitive
C	1	All	2	Auction Confidential
C	1	All	3	Auction Confidential & Market Sensitive
C	1	All	4	Auction Confidential
C	2	Pages 2 – 15		Auction Confidential & Market Sensitive
C	2	All	1	Auction Confidential & Market Sensitive
C	2	All	2	Auction Confidential
C	2	All	3	Auction Confidential & Market Sensitive
C	2	All	4	Auction Confidential

1 **5. ADMINISTRATION**

1. Table of Contents	Please see Exhibit A, Schedule 1.
2. Parties Affected by the Application	The parties affected by this Application are the customers resident or located in the municipalities, police villages, and First Nations Reserves and Métis organizations served by Enbridge Gas, together with those to whom Enbridge Gas sells natural gas, or on whose behalf Enbridge Gas distributes, transmits, or stores natural gas. It is impractical to set out the names and addresses of such parties because they are too numerous.
3. Internet Address for Application	<a href="http://www.enbridgegas.com/Regulatory-Proceedings">www.enbridgegas.com/Regulatory-Proceedings</a> and <a href="http://www.uniongas.com/about-us/company-overview/regulatory">www.uniongas.com/about-us/company-overview/regulatory</a> .
4. Primary Contact Information	Adam Stiers Enbridge Gas Inc. Technical Manager, Regulatory Applications 50 Keil Drive North, Chatham, Ontario, N7M 5M1, P.O. Box 2001 Telephone: (519) 436-4558 Fax: (519) 436-4641 Email: <a href="mailto:astiers@uniongas.com">astiers@uniongas.com</a>
5. Bill Impacts	The bill impact for a typical residential customer with annual consumption of 2,400 m <sup>3</sup> is a decrease of \$0.56 per year in the EGD rate zone. The bill impact for a typical residential customer with annual consumption of 2,200 m <sup>3</sup> is an increase of \$0.38 per year in the Union South rate zone and a decrease of \$0.18 per year in the Union North rate zone.
6. Specific Approvals Requested	<ul style="list-style-type: none"> <li>• A determination that the 2016 – 2018 Cap-and-Trade-related deferral and variance account balances are just and reasonable, including: <ul style="list-style-type: none"> <li>i) Administration costs recorded in the Utilities' Greenhouse Gas Emissions Impact Deferral Accounts;</li> <li>ii) Customer-related obligation costs recorded in the Utilities' Customer-Related Deferral and Variance Accounts; and</li> <li>iii) Facility-related obligation costs recorded in the Utilities' Facility-Related Deferral and Variance Accounts.</li> </ul> </li> <li>• Approval of final rates to dispose of and recover 2016 – 2018 Cap-and-Trade-related deferral and variance account balances for the EGD rate zone and Union rate zones effective October 1, 2019.</li> </ul>

**2016-2018 CAP-AND-TRADE DEFERRAL & VARIANCE ACCOUNT DISPOSITION:**  
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1           **2016-2018 CAP-AND-TRADE DEFERRAL AND VARIANCE DISPOSITION**

2                           **DEFERRAL AND VARIANCE ACCOUNTS –**

3                                   ***OVERVIEW***

4  
5       The purpose of this exhibit of evidence is to explain final 2016-2018 Cap-and-Trade-related  
6       deferral and variance account balances for each of the EGD rate zone and Union rate zones.  
7       Allocation and disposition of Cap-and-Trade deferral accounts is addressed at Exhibit D.

8  
9       This exhibit of evidence is organized as follows:

10      **Tab 1:** Deferral and Variance Accounts - *EGD Rate Zone*

11      **Tab 2:** Deferral and Variance Accounts - *Union Rate Zones*

12  
13      **2016-2018 Cap-and-Trade Administration Costs**

14      Enbridge Gas's administration costs, recorded in the GGEIDAs, reflect the newness of Ontario's  
15      Cap-and-Trade program and the accelerated pace at which the program was implemented in  
16      Ontario. Ontario's intention to adopt a Cap-and-Trade system was announced in spring 2015. In  
17      May 2016, the final regulations were issued and the *Climate Change Act* and the *Cap-and-Trade*  
18      *Regulation* was passed. By the end of July 2016, the OEB determined how customer charges  
19      would be reflected on customers' bills and the Utilities promptly began to implement billing  
20      system changes necessary for January 1, 2017. Contemporaneously over this short period of  
21      time, the OEB worked with the Utilities and stakeholders to develop the Framework, which was

1 issued at the end of September 2016.<sup>1</sup> Despite this, the Framework required the Utilities to file  
2 Compliance Plans by November 15, 2016.<sup>2</sup> Both Utilities filed comprehensive plans on this  
3 date.<sup>3</sup> In late November 2016, the Utilities received approval for an interim rate order from the  
4 OEB for Cap-and-Trade charges that would begin impacting customers' bills effective January 1,  
5 2017.<sup>4</sup>

6  
7 The consequence of not meeting the compliance obligations of the Cap-and-Trade program was  
8 very high, including financial penalties for non-compliance and reputational harm. In addition,  
9 the Utilities anticipated that their customers would expect a successful and seamless  
10 implementation of billing system changes and customer communications. Therefore, in order to  
11 meet the statutory and regulatory deadlines, and considering the magnitude of their respective  
12 compliance obligations, the Utilities had to quickly develop internal expertise on the program  
13 and its impacts. Both Utilities relied on external consultants who had some familiarity with Cap-  
14 and-Trade programs in other jurisdictions (i.e., California, Québec, and Europe) to assist.

15  
16 The actual 2017 and 2018 administration costs of both Utilities were consistent with the level of  
17 such costs in other jurisdictions.<sup>5</sup>

---

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

<sup>2</sup> EB-2015-0363, p. 38.

<sup>3</sup> EB-2016-0296; EB-2016-0300.

<sup>4</sup> EB-2016-0296/0300/0330, Interim Rate Order, November 24, 2016, pp. 3-4.

<sup>5</sup> As noted in OEB Staff's 2015 Discussion Paper, administrative and outreach costs of California utilities ranged from 0.1% to 2.7% of total compliance costs; EB-2015-0363, OEB Staff Discussion Paper on a Cap and Trade Regulatory Framework for the Natural Gas Utilities, May 25, 2016, p. 30.

1 Based on its review of the Utilities' 2017 Compliance Plans, the OEB found that "the [2017]  
2 administrative costs proposed by each of the Gas Utilities are consistent with the expectations  
3 established in the Cap and Trade Framework."<sup>6</sup> The Utilities subsequently developed their 2018  
4 Compliance Plans, including forecast 2018 administration costs, in a manner consistent with  
5 their respective 2017 Compliance Plans.

6  
7 **2018 Federal Carbon Pricing Program Administration Costs**

8 On June 21, 2018, the *Budget Implementation Act, 2018, No. 1* received Royal Assent. Part V  
9 included the *Greenhouse Gas Pollution Pricing Act* (the "GGPPA"). A federal carbon pricing  
10 program (the "FCPP" or "Backstop") applies to any province or territory that requests it or that  
11 does not have an equivalent carbon pricing system in place by January 1, 2019. On October 23,  
12 2018, the federal government confirmed that Ontario would be covered by the GGPPA. The  
13 FCPP is composed of: (i) a charge on fossil fuels effective April 1, 2019; and (ii) an Output-  
14 Based Pricing System effective January 1, 2019.

15  
16 As a natural gas utility in Ontario, Enbridge Gas is required to register under Part 1 of the  
17 GGPPA as a "Distributor" for volumes of natural gas delivered to its customers. Further,  
18 Enbridge Gas is required to register under the GGPPA as an "Emitter" since its transmission and  
19 storage compressor stations are considered a "Covered Facility" under Part 2 of the GGPPA.  
20 Enbridge Gas will be required to remit the Federal Carbon Charges related to the GGPPA to the  
21 Canada Revenue Agency. As an "Emitter" Enbridge Gas will also be required to remit payment

---

<sup>6</sup> EB-2016-0296/0300/0330, Decision and Order, September 21, 2017, p. 3.

1 for any emissions in excess of its Output Based Standard (“OBS”) limit under the Output Based  
2 Pricing System (“OBPS”). Enbridge Gas filed an application with the OEB seeking approval to  
3 recover the costs associated with compliance with the GGPPA through rates (EB-2018-0205).

4  
5 Enbridge Gas incurred administration costs in 2018 associated with preparation for compliance  
6 with and administration of the requirements under the GGPPA. Enbridge Gas notes that the  
7 purpose of its OEB-approved GGEIDA accounting orders for the EGD rate zone and Union rate  
8 zones is “to record administrative costs associated with the impacts of provincial and federal  
9 regulations related to GHG emission requirements” (emphasis added). Given that the GGEIDA  
10 was deliberately structured to record costs associated with both provincial and federal GHG  
11 emission requirements, Enbridge Gas is seeking OEB approval for the recording of FCPP related  
12 costs in its GGEIDAs for the EGD rate zone and Union rate zones through this application.

13  
14 **Customer-Related and Facility-Related Obligation Costs**

15 Under Ontario’s Cap-and-Trade program, the *Climate Change Act* and the Framework, the  
16 Utilities, as natural gas distributors, were subject to customer and facility-related compliance  
17 obligations related to: (i) GHG emissions associated with the natural gas delivered by the  
18 Utilities and used by customers (who were not capped participants); and (ii) GHG emissions  
19 associated with the natural gas used by the Utilities to operate their facilities and deliver natural  
20 gas to customers. Further, the Framework directed that all prudently incurred Cap-and-Trade-  
21 related costs be recovered as a pass-through.<sup>7</sup>

---

<sup>7</sup> EB-2015-0363, Framework, p. 7.

1 Effective January 1, 2017, the Utilities began charging customers customer-related and facility-  
2 related Cap-and-Trade charges. Similarly, the Utilities sought OEB-approval to establish interim  
3 Cap-and-Trade charges effective January 1, 2018; however, the Utilities were directed by the  
4 OEB to maintain OEB-approved 2017 charges in 2018.<sup>8</sup> From January 2017 to September 2018  
5 the Utilities rates contained Cap-and-Trade related charges and their respective customer-related  
6 and facility-related deferral and variance accounts recorded the variances between actual Cap-  
7 and-Trade-related obligation costs and the costs recovered in OEB-approved rates. As part of the  
8 Utilities' October 1, 2018 QRAM applications these cost variances were partially disposed of on  
9 an interim basis.<sup>9</sup>

10  
11 **Final 2016-2018 Cap-and Trade Deferral and Variance Account Balances**

12 Through this Application, Enbridge Gas is seeking a determination from the OEB that the final  
13 Cap-and-Trade-related deferral and variance account balances, summarized in Exhibit A, Table 2  
14 and detailed within Exhibit B, Tab 1 and Exhibit B, Tab 2, are reasonable being the remaining  
15 balances of costs incurred by the Utilities implementing and sustaining their Cap-and-Trade  
16 Compliance Plans in order to satisfy their statutory obligations. Further, Enbridge Gas is seeking  
17 OEB approval to clear these balances through to rates on a final basis as detailed at Exhibit D.

---

<sup>8</sup> EB-2017-0224/0255/0275, Decision and Order, November 30, 2017, p. 3.

<sup>9</sup> EB-2018-0249; EB-2018-0253.

**CAP-AND-TRADE DEFERRAL AND VARIANCE ACCOUNT DISPOSITION:**

**DEFERRAL AND VARIANCE ACCOUNTS –**

***EGD RATE ZONE***

The purpose of this evidence is to explain Enbridge Gas's final 2016-2018 Cap-and-Trade-related deferral and variance account balances for the EGD rate zone, as provided in Table 1. Allocation and disposition of Cap-and-Trade deferral and variance accounts is addressed at Exhibit D.

Table 1  
Final Cap-and-Trade Deferral and Variance Account Balances  
Including Interest (\$000's)

<u>Line No.</u>	<u>Account Number</u>	<u>Account Name</u>	<u>Final Deferral Balance (1)</u>
1	179-326/7/8	GGEIDA	(705)
2	179-827/8	GHG-Customer VA	(6,135)
3	179-847/8	GHG-Facility VA	1,244
4		Total	<u>(5,596)</u>

Note:

(1) Deferral interest accrued to September 30, 2019.

This tab of evidence is organized as follows:

1. Cap-and-Trade Program Deferral and Variance Account Descriptions
2. Interim Disposition Through EGD's October 1, 2018 QRAM Application
3. Administration Costs
  - 3.1. 2016 Cap-and-Trade Administration Costs
  - 3.2. 2017 Cap-and-Trade Administration Costs

3.3. 2018 Cap-and-Trade Administration Costs

3.4. 2018 Federal Carbon Pricing Program Administration Costs

4. Customer-Related Obligation Costs

5. Facility-Related Obligation Costs

**1 CAP-AND-TRADE PROGRAM DEFERRAL AND VARIANCE ACCOUNT DESCRIPTIONS**

Enbridge Gas has three deferral and variance accounts associated with its Cap-and-Trade program for the EGD rate zone:

***1. Greenhouse Gas Emissions Impact Deferral Account (Account No.***

***179.326/179.327/179.328)*** – approved in EB-2012-0459 and amended in EB-2016-0300. The purpose of the GGEIDA) is to record administrative costs associated with the impacts of provincial and federal regulations related to GHG emission requirements until such time as those costs are incorporated into rates.

***2. Greenhouse Gas Emissions Compliance Obligation – Customer-Related Variance Account***

***(Account No. 179.827/179.828)*** – approved in EB-2016-0300. The purpose of the Greenhouse Gas Emissions Compliance Obligation – Customer-Related Variance Account (“GHG-Customer VA”) is to record variances between actual Cap-and-Trade customer-related obligation costs and the actual customer-related obligation costs recovered in rates as approved by the Board.

***3. Greenhouse Gas Emissions Compliance Obligation – Facility-Related Deferral Account***

***(Account No. 179.847/179.848)*** – approved in EB-2016-0300. The purpose of the Greenhouse Gas Emissions Compliance Obligation – Facility-Related Variance Account

1 (“GHG-Facility VA”) is to record variances between actual Cap-and-Trade facility-related  
2 obligation costs and the actual facility-related obligation costs recovered in rates as approved  
3 by the Board.  
4

5 **2 INTERIM DISPOSITION THROUGH EGD’S OCTOBER 1, 2018 QRAM APPLICATION**

6 As directed by the OEB,<sup>1</sup> and as explained in Exhibit A, EGD eliminated Cap-and-Trade charges  
7 from rates effective October 1, 2018. In addition, EGD disposed of the projected net credit  
8 balance of its Cap-and-Trade-related deferral and variance accounts as projected at September 30,  
9 2018 on an interim basis as part of its October 1, 2018 QRAM application (EB-2018-0249). The  
10 estimated net balance in EGD’s Cap-and-Trade related deferral and variance accounts was a  
11 credit of \$6.674 million which included interest of \$0.396 million up to September 30, 2018.  
12

13 EGD disposed of the aggregate net credit balance in its Cap-and-Trade-related deferral and  
14 variance accounts prospectively in the October 1 to October 31, 2018 period consistent with  
15 historical practice.  
16

17 Of the estimated net balance of \$6.674 million, EGD refunded a net amount of \$2.041 million on  
18 an interim basis, as shown in Table 2. The interim disposition amount represents the actual  
19 recovery of the Cap-and-Trade deferral and variance account balances from October 1, 2018 to  
20 October 31, 2018 for all EGD rate zone customers. The variance of \$4.633 million is primarily

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<sup>1</sup> EB-2018-0249/0253/0261, OEB Letter: October 2018 Quarterly Gas Adjustment Mechanism Applications Direction to Apply for Elimination of Cap and Trade Charges and for the Disposition of Amounts in Related Accounts, August 30, 2018.

1 attributable to the use of estimated September volumes in the derivation of deferral account  
2 balances as part of the October 2018 QRAM application and recovery variances associated with  
3 the prospective disposition.

Table 2  
Interim Disposition of Cap-and-Trade Deferral and Variance Account Balances (\$000's)

Line No.	Account Name	Estimated Balance As Filed (1) (a)	Interim Disposition Amount (b)	Variance (c = b - a)
1	GGEIDA	4,980	6,080	(1,100)
2	GHG-Customer VA	(11,141)	(7,548)	(3,593)
3	GHG-Facility VA	(513)	(573)	60
4	Total	(6,674)	2,041	(4,633)

Notes:

(1) EB-2018-0249, Exhibit Q4-2, Tab 5, Schedule 1, Appendix A, Tables 1 & 2; Does not include rate class 315/325/332 forecast volumes equating to an approximate value of \$0.020 million.

**3 ADMINISTRATION COSTS**

EGD incurred administrative costs from 2016 to 2018 related to the Ontario government's Cap-and-Trade program and the *Climate Change Act* including participation in the development of the Framework and the development of EGD's 2017 and 2018 Compliance Plans. These costs were recorded in EGD's GGEIDA and disposed of on an interim basis as part of EGD's October 1, 2018 QRAM Application. A summary of the final deferral balances for each year, net of the interim disposition amount, is summarized in Table 3. A detailed description of the administration costs recorded in each year from 2016-2018 in the GGEIDA is provided below. Enbridge Gas is requesting final approval of the balance in the GGEIDA for the EGD rate zone as part of this

1 application.

Table 3  
GGEIDA Balances Including Interest (\$000's)

Line No.	Account Details	2016 (a)	2017 (b)	2018 (c)	Total (d)
1	Total Administration Costs (1)	840	2,274	2,185	5,299
2	Deferral Interest (2)	27	38	12	76
3	Balance Before Interim Disposition	867	2,312	2,197	5,375
4	Interim Disposition (3)				6,080
5	Final Deferral Balance (line 3 - line 4)				(705)

Note

- (1) Total administrative costs for 2016 and 2017 relate to the Cap-and-Trade program. Total administrative costs for 2018 include \$1.890 million related to the Cap-and-Trade program and \$0.307 million related to the Federal Carbon Pricing Program.
- (2) Deferral interest accrued to September 30, 2019.
- (3) The interim disposition amounts are based on the actual recovered balances from October 1, 2018 to October 31, 2018.

2

3 3.1 2016 CAP-AND-TRADE ADMINISTRATION COSTS

4 In 2016 EGD incurred Cap-and-Trade-related administration costs of \$0.867 million as detailed in  
5 Table 4. Enbridge Gas is requesting final OEB approval of EGD's 2016 administration costs.

6

Table 4

7

Actual Administration Costs for the year ending December 31, 2016

Line No.	Particulars	2016 Cost (\$000)
1	Salaries and Wages	533
2	Consulting	268
3	External Legal Counsel	94
4	Revenue Requirement on Capital Costs	(100)
5	Other	45
6	Interest	27
7	<b>Total</b>	<b>867</b>

As discussed in Exhibit B, Overview, EGD's 2016 administration costs relate to the Ontario government's Cap-and-Trade program and the *Climate Change Act* including: (i) interpretation of regulations; (ii) participation in the development of the Framework; and (iii) the development of EGD's 2017 Compliance Plan.

### 3.1.1 Salaries and Wages

To support the implementation and ongoing operation of EGD's Cap-and-Trade program, EGD incurred costs of \$0.533 million in 2016 for salaries and wages. These costs relate to 3 new roles required to become familiar with the Cap-and-Trade program, communications to customers about Cap-and-Trade, and compliance plan development and implementation. The new roles were added throughout the year resulting in an average incremental FTE for the year of 3. In the case of existing roles, EGD reallocated work and refined processes, allowing for these roles to take on incremental Cap-and-Trade work. The titles of all incremental FTEs are provided in Table 5.

Table 5

FTE Breakdown by Title

Line No.	Title	Number of FTEs
1	Manager, Carbon Strategy	1
2	Lead, Business Readiness	1
3	Stakeholder and Communication Specialist	1
4	<b>Total</b>	<b>3</b>

3.1.2 Consulting

EGD incurred consulting costs of \$0.268 million in 2016. EGD relied on external consultants with carbon market, regulation and program expertise from other jurisdictions (i.e. California, Québec, and Europe) to provide support and knowledge in 2016.

3.1.3 External Legal Counsel

EGD incurred external legal costs of \$0.094 million in 2016. In 2016, EGD relied on external legal counsel for assistance with regulatory submissions, including EGD's 2017 Compliance Plan, and any required legal analysis pertaining to Cap-and-Trade regulations.

3.1.4 Revenue Requirement on Capital Costs

In 2016, EGD designed and implemented billing system changes to allow for the collection of Cap-and-Trade-related charges effective January 1, 2017. EGD incurred capital costs of approximately \$0.561 million related to changes to its IT billing systems to support the implementation of its Cap-and-Trade program in 2016. Consistent with similar capital costs, EGD has depreciated the capital costs of the changes to its IT billing systems over four years and calculated the associated revenue requirement. EGD has recorded a credit of \$0.100 million in the GGEIDA, associated with these changes to its IT billing system for 2016 due to the capital cost allowance exceeding the provision of book depreciation during 2016.

3.1.5 Other

EGD incurred costs of approximately \$0.045 million related to customer market research,

outreach and education, conference fees and associated expenses.

### 3.2 2017 CAP-AND-TRADE ADMINISTRATION COSTS

In 2017 EGD incurred Cap-and-Trade-related administration costs of \$2.312 million as detailed in Table 6. Enbridge Gas is requesting final OEB approval of EGD's 2017 administration costs.

Table 6

#### Forecast and Actual Administration Costs for the year ending December 31, 2017

Line No.	Particulars	Forecast 2017 Cost (\$000)	Actual 2017 Cost (\$000)
1	Salaries and Wages	1,120	695
2	Consulting	581	166
3	Bad Debt	900	600
4	Revenue Requirement on Capital Costs	76	98
5	OEB Costs	0	318
6	External Legal Counsel	125	363
7	Other	115	34
8	Interest	0	38
9	<b>Total</b>	<b>2,917</b>	<b>2,312</b>

EGD's 2017 administration costs relate to the Ontario Government's Cap-and-Trade program and the *Climate Change Act* including: (i) the implementation and execution of EGD's 2017 Compliance Plan; (ii) participation in the development of the OEB's Long Term Carbon Price Forecast ("LTCPF") and Marginal Abatement Cost Curve ("MACC"); and (iii) the development of EGD's 2018 Compliance Plan. Further, effective January 1, 2017, EGD began charging its customers customer-related and facility-related Cap-and-Trade charges. EGD's administration costs of \$2.312 million in 2017 are \$0.605 million lower than the \$2.917 million forecast in its

2017 Compliance Plan (see Table 6) which was deemed by the OEB to be consistent with the Framework.<sup>2</sup>

### 3.2.1 Salaries and Wages

EGD forecast costs of \$1.120 million for salaries and wages in 2017 which included costs for 8 FTEs required to execute EGD's 2017 Compliance Plan and to sustain EGD's Cap-and-Trade program as detailed in EGD's 2017 Compliance Plan.<sup>3</sup>

EGD incurred costs of \$0.695 million for salaries and wages in 2017 to support the implementation and ongoing operation of EGD's Cap-and Trade program.

### 3.2.2 Consulting

EGD forecast costs of \$0.581 million for consulting in 2017 (as detailed in EGD's 2017 Compliance Plan).

EGD incurred costs of \$0.157 million in 2017 for services rendered by external consultants with carbon market and program expertise in support of the execution of EGD's 2017 Compliance Plan and the development of EGD's 2018 Compliance Plan. In 2017, EGD incurred \$0.010 million to complete a pre-verification audit of its GHG emissions. A detailed breakdown of EGD's 2017 consulting costs is provided in Table 7.

---

<sup>2</sup> EB-2016-0296/0300/0330, Decision and Order, September 21, 2017, p. 3.

<sup>3</sup> EB-2016-0300, Exhibit C, Tab 3, Schedule 6, p. 9.

Table 7

Actual Consulting Costs for the Year Ending December 31, 2017

<b>Line No.</b>	<b>Particulars</b>	<b>2017 Cost (\$000)</b>
<b>1</b>	Carbon Strategy – Analysis, Review and Compliance Planning	157
<b>3</b>	GHG Reporting and Forecasting	10
<b>4</b>	<b>Total</b>	<b>166</b>

3.2.3 Bad Debt

EGD forecast costs of \$0.900 million for Cap-and-Trade related bad debt in 2017 based on EGD's corporate bad debt forecast methodology.

EGD incurred costs of \$0.600 million for Cap-and-Trade related bad debt in 2017.

3.2.4 Revenue Requirement on Capital Costs

In 2017, EGD continued to incur capital costs of approximately \$0.003 million related to changes to its IT billing systems to support the implementation of its Cap-and-Trade program, as detailed in section 3.1.4. EGD calculated a revenue requirement of \$0.098 million associated with these IT billing system changes for 2017.

3.2.5 OEB Costs

In February 2017, the OEB assembled a Technical Advisory Group ("TAG") to provide input and to review draft analysis provided by the OEB's consultant (ICF) in support of the development of the OEB's LTCPF and MACC. The LTCPF was meant to enable comparison of the cost of carbon to the cost of longer-term investment projects. The MACC was meant to

1 identify the incremental potential and cost of available abatement measures relative to the cost of  
2 carbon for customer and facility-related obligations. In the Cap-and-Trade Framework, the OEB  
3 advised that "...the OEB will rely on the OEB MACC as its principle tool for assessing Utilities'  
4 selection of compliance options and resulting cost consequences."<sup>4</sup> The TAG was led by OEB  
5 Staff and included representatives from Union and EGD, industry experts and consultants, and  
6 stakeholders.<sup>5</sup> The TAG met on two occasions between February and June 2017. The OEB passed  
7 a portion of the costs associated with the TAG and development of the OEB's LTCPF and MACC  
8 to the Utilities. The costs passed on to EGD from the OEB for 2017 were \$0.167 million.

9  
10 EGD also incurred costs of \$0.151 million in 2017 for its work related to the consultation for the  
11 development of the OEB's Regulatory Framework for the Assessment of Costs of Natural Gas  
12 Utilities' Cap and Trade Activities.

### 13 14 3.2.6 External Legal Counsel

15 EGD forecast costs of \$0.125 million for external legal counsel in 2017.

16  
17 EGD incurred costs of \$0.363 million for external legal counsel in 2017 related to support  
18 provided to EGD through the review of regulatory proceedings related to its 2017 Compliance  
19 Plan and in support of the development of its 2018 Compliance Plan. The variance between

---

<sup>4</sup> EB-2015-0363, Framework, p. 20.

<sup>5</sup> Members of the TAG included representatives from: Energy Futures Group, EnviroEconomics, Navius Research, Union, EGD, the Independent Electricity System Operator, the Environmental Commissioner of Ontario, Canada's Ecofiscal Commission, Ministry of Energy, and Ministry of Environment and Climate Change.

1 forecast and actual costs is attributable to greater than anticipated effort required in the  
2 preparation for and in the defence of EGD's 2017 Compliance Plan.

3  
4 3.2.7 Other

5 EGD forecast costs of \$0.115 million for customer outreach and education in 2017.<sup>6</sup>

6  
7 EGD incurred costs in 2017 of \$0.034 million related to customer research, outreach and  
8 education, travel, conferences and other miscellaneous costs.

9  
10 3.3 2018 CAP-AND-TRADE ADMINISTRATION COSTS

11 In 2018 EGD incurred Cap-and-Trade-related administration costs of \$1.890 million as detailed  
12 in Table 8. Enbridge Gas is requesting final OEB approval of EGD's 2018 administration costs.

13  

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6 EB-2016-0300, Exhibit C, Tab 3, Schedule 6

Table 8

Forecast and Actual Administration Costs for the year ending December 31, 2018

<b>Line No.</b>	<b>Particulars</b>	<b>Forecast 2018 Jan 1-Dec 31 (\$000)</b>	<b>Pre-Revocation Jan 1-Jul 3 (\$000)</b>	<b>Post-Revocation Jul 4-Sep 30 (\$000)</b>	<b>Actual Cost Jan 1-Sep 30 (\$000)<sup>1</sup></b>
<b>1</b>	Salaries and Wages	1,500	357	162	519
<b>2</b>	Consulting	440	85	25	110
<b>3</b>	Bad Debt	960	486	106	592
<b>4</b>	Revenue Requirement on Capital Costs	191	97	47	144
<b>5</b>	OEB Costs	100	231	0	231
<b>6</b>	External Legal Counsel	400	274	1	276
<b>7</b>	Other	60	14	0	14
<b>8</b>	Interest	0	0	0	4
<b>9</b>	<b>Subtotal</b>	<b>3,651</b>	<b>1,544</b>	<b>341</b>	<b>1,890</b>
<b>10</b>	Low Carbon Initiative Fund Costs	2,000	0	0	0
<b>11</b>	<b>Total</b>	<b>5,651</b>	<b>1,544</b>	<b>341</b>	<b>1,890</b>

EGD's 2018 administrative costs relate to the Ontario Government's Cap-and-Trade program and the Climate Change Act for activities associated with the execution of EGD's 2018 Compliance Plan. Further, effective January 1, 2018 EGD continued charging its customers 2017 customer-related and facility-related Cap-and-Trade charges consistent with the Board's direction.<sup>7</sup>

### 3.3.1 Salaries and Wages

EGD forecast costs of \$1.500 million for salaries and wages in 2018, which included costs for 8 FTE required to execute EGD's 2018 Compliance Plan and to sustain EGD's Cap-and-Trade program as detailed in EGD's 2018 Compliance Plan application.<sup>8</sup>

<sup>7</sup> EB-2017-0224/255/0275, Decision and Order, November 30, 2017, p. 3.

<sup>8</sup> EB-2017-0224 Compliance Plan, Exhibit D, Tab 1, Schedule 1, pp 3-6

EGD incurred costs of \$0.519 million for salaries and wages in 2018 to support the execution and ongoing operation of EGD's Cap-and-Trade program.

In mid-January 2018, EGD increased its number of Cap-and-Trade FTEs from four to five to align with the increasing complexity of EGD's Cap-and-Trade program. EGD's cost for salaries and wages in 2018 reflects cancellation of Ontario's Cap-and-Trade program effective July 3, 2018 and subsequent reduction of EGD's Cap-and-Trade-related FTE as detailed in Table 9. Following cancellation of the Cap-and-Trade program EGD moved one FTE off of Cap-and-Trade, and retained four FTEs to support the wind-down of the Cap-and-Trade program and begin ramping up in respect of the FCPP (see additional detail in Section 3.4).

Table 9

Breakdown of EGD's 2018 FTE Requirements

<b>Line No.</b>	<b>2018 Period</b>	<b>Cap-and-Trade FTE</b>	<b>Federal Carbon FTE</b>
<b>1</b>	Jan 1 - Jul 3	5	0
<b>2</b>	Jul 15 - Sep 30	4	0
<b>3</b>	Oct 1 - Dec 31	0	4

### 3.3.2 Consulting

EGD forecast costs of \$0.440 million in 2017 for consulting (as detailed in EGD's 2018 Compliance Plan).<sup>9</sup>

<sup>9</sup> EB-2017-0224, Compliance Plan, Exhibit D, Tab 1, Schedule 1, pp. 6-7

EGD incurred costs of \$0.110 million in 2018 for services rendered by external consultants with carbon market, regulation and program expertise in support of the execution of EGD's 2018 Compliance Plan. Approximately \$0.044 million was incurred for GHG verification. A detailed breakdown of EGD's 2018 consulting costs is provided in Table 10.

Table 10

Actual Consulting Costs for the Year Ending December 31, 2018

Line No.	Particulars	2018 Cost (\$000)
1	Carbon Strategy – Analysis, Review and Compliance Planning	66
2	GHG Reporting and Forecasting	44
3	<b>Total</b>	<b>110</b>

3.3.3 Bad Debt

EGD forecast costs of \$0.960 million for Cap-and-Trade-related bad debt in 2018 based on EGD's corporate bad debt forecast methodology.

EGD incurred costs of \$0.592 million for Cap-and-Trade-related bad debt in 2018.

3.3.4 Revenue Requirements on Capital Costs

EGD calculated a revenue requirement of \$0.191 million associated with IT billing system changes required to support the implementation of its Cap-and-Trade program as detailed in section 3.1.4 in 2018. EGD has included a prorated amount of revenue requirement of \$0.143 million in the GGEIDA representing the revenue requirement attributable to the nine month period ending September 30, 2018.

3.3.5 OEB Costs

EGD forecast costs of \$0.100 million in 2018 for continued support in the development of an updated OEB LTCPF and participation on the OEB's Cap and Trade Working Group.

EGD incurred costs of \$0.231 million related to intervenor and OEB cost claims for EGD's 2017 Compliance Plan Application (EB-2016-0300).

3.3.6 External Legal Counsel

EGD forecast costs of \$0.400 million for external legal counsel in 2018.

EGD incurred costs of \$0.275 million for external legal counsel in 2018. These costs resulted from EGD's 2018 Compliance Plan preparation and regulatory proceedings. A total of \$0.001 million was incurred following cancellation of Ontario's Cap-and-Trade Program to further understand the Cap-and-Trade wind-down requirements and related regulations.

3.3.7 Other

EGD forecast costs of \$0.060 million for employee expenses related to travel to meetings with regulators and consultants, customer research, and communications in 2018, as detailed in EGD's 2018 Compliance Plan.<sup>10</sup>

EGD incurred costs of \$0.014 million related to customer research, outreach and education in

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<sup>10</sup> EB-2017-0224 Compliance Plan, Exhibit D, Tab 1, Schedule 1, pp. 9-10

2018.<sup>11</sup>

### 3.4 2018 FEDERAL CARBON PRICING PROGRAM ADMINISTRATION COSTS

In 2018 EGD incurred incremental administration costs of \$0.300 million related to the federal government's GGPPA and in preparation for the implementation of the FCPP in 2019, as detailed in Table 11. Enbridge Gas is requesting final OEB approval of EGD's incremental FCPP-related administration costs.

Table 11

FCPP-Related Administration Costs for the year ending December 31, 2018

<b>Line No.</b>	<b>Particulars</b>	<b>Actual Cost Jul 4-Dec 31 (\$000)<sup>1</sup></b>
<b>1</b>	Salaries and Wages	165
<b>2</b>	Revenue Requirement on Capital Costs and IT Billing System Costs	95
<b>3</b>	External Legal Counsel	32
<b>4</b>	Other	8
<b>5</b>	Interest	7
<b>6</b>	<b>Total</b>	<b>307</b>

Between July 4, 2018 and December 31, 2018, EGD incurred administration costs related to the interpretation of the federal government's GGPPA and preparation for implementation of the FCPP in Ontario in 2019 (see Exhibit B, Overview for additional detail on the GGPPA and the FCPP).

<sup>11</sup> EB-2016-0300, Exhibit C, Tab 3, Schedule 6

1    3.4.1    Salaries and Wages

2    To support the interpretation of the federal government's GGPPA and preparation for the  
3    implementation of the FCPP, EGD incurred costs of \$0.165 million in 2018 for salaries and  
4    wages. These costs relate to 4 FTEs required to ensure compliance with the GGPPA as outlined in  
5    Table 9.

7    3.4.2    Revenue Requirement on Capital Costs and IT Billing System Costs

8    As noted in section 3.1.4 and 3.2.4, EGD incurred capital costs of approximately \$0.564 million  
9    related to changes to its IT billing system changes to support the implementation of its Cap-and-  
10   Trade program. As noted in Enbridge Gas's 2019 Federal Carbon Pricing Program application  
11   (EB-2018-0205), Enbridge Gas has determined that certain Cap-and-Trade-related IT billing  
12   system functionality can be re-purposed to collect GGPPA-related charges. As such, Enbridge  
13   Gas will continue to seek recovery of the revenue requirement for periods beyond 2018 associated  
14   with Cap-and-Trade related IT billing system changes under the GGPPA. In addition to the pro-  
15   rated amount of revenue requirement attributable to the nine month period ending September 30,  
16   2018, EGD has also included a pro-rated amount of revenue requirement of \$0.047 million in the  
17   GGEIDA representing the revenue requirement attributable to the three month period ending  
18   December 31, 2018 for IT billing system changes that were re-purposed to collect GGPPA-related  
19   charges.

1 *Additional GGPPA Billing System Functionality*

2 As noted in Enbridge Gas's 2019 Federal Carbon Pricing Program application, additional billing  
3 system modifications are required to collect GGPPA-related charges. In 2018, EGD incurred  
4 \$0.048 million associated with billing system changes to comply with the FCPP, which is  
5 included in the GGEIDA. As detailed in EB-2018-0205, Enbridge Gas forecasts that it will incur  
6 an additional \$0.2 million in 2019 associated with IT billing system modifications.

7  
8 3.4.3 External Legal Counsel

9 EGD incurred costs of \$0.032 million for external legal counsel in 2018 related to analyses of  
10 EGD's obligation under the federal carbon program and review of EGD's initial Federal Carbon  
11 Pricing Program application.

12  
13 3.4.4 Other

14 EGD incurred costs of \$0.008 million in 2018 for travel and associated fees in support of  
15 compliance with the GGPPA and in preparation for implementation of the FCPP, as well as other  
16 federal government environmental programs.

17  
18 **4 CUSTOMER-RELATED OBLIGATION COSTS**

19 The final balance in the GHG-Customer VA variance account is a credit balance of \$6.135  
20 million. EGD has incurred a net credit of \$13.860 million related to the variance between actual  
21 Cap-and-Trade customer-related obligation costs and the costs recovered in OEB-approved rates  
22 in 2017 and 2018, including interest. The net costs were recorded in EGD's GHG-Customer VA

and disposed of on an interim basis as part of EGD's October 1, 2018 QRAM Application. A summary of the final deferral balance, net of the interim disposition amount, is provided in Table 12.

EGD has identified the balances for the period prior to and after July 3, 2018, which is the date the government filed Ontario Regulation 386/18 to revoke the Cap-and-Trade Program regulation (Ontario Regulation 144/16) and to prohibit the purchase, sale and other dealings with emission allowances and credits. The period after July 3, 2018 represents the over collection from customers of Cap-and-Trade customer-related charges up to September 30, 2018.

Table 12  
GHG-Customer Variance Account Balances Including Interest (\$000's)

Line No.	Account Details	2017 (a)	2018		Total (d)
			Jan 1 - Jul 3 (b)	Jul 4 - Sep 30 (c)	
1	Obligation Cost Variance	7,431	12,751	(34,042)	(13,860)
2	Deferral Interest (1)	591	248	(662)	178
	Balance Before Interim Disposition				
3	(2) (line 1 + line 2)	8,022	12,999	(34,704)	(13,683)
4	Interim Disposition				(7,548)
5	Final Deferral Balance (line 3 - line 4)				(6,135)

Notes:

- (1) Deferral Interest accrued to September 30, 2019 has been pro-rated.
- (2) Balance as at December 31, 2019.

1    **5    FACILITY-RELATED OBLIGATION COSTS**

2    The final balance in the GHG-Facility VA is a debit balance of \$1.243 million. EGD incurred a  
3    net debit of \$0.688 million related to the variance between actual Cap-and-Trade facility-related  
4    obligation costs and the costs recovered in OEB-approved rates in 2017 and 2018. The net costs  
5    were recorded in EGD's GHG-Facility VA and disposed of on an interim basis as part of EGD's  
6    October 1, 2018 QRAM Application. As part of its interim disposition EGD disposed of on an  
7    interim basis based on forecast customer volumes, however, actual customer volumes negated the  
8    disposition of \$0.573 million and necessitated an incremental debit of \$0.663 million leaving a  
9    final debit deferral balance of \$1.244 million. A summary of the final deferral balance, net of the  
10    interim disposition amount, is provided in Table 13.

11  
12    EGD has identified the balances for the period prior to and after July 3, 2018, which is the date  
13    the government filed Ontario Regulation 386/18 to revoke the Cap-and-Trade Program regulation  
14    (Ontario Regulation 144/16) and to prohibit the purchase, sale and other dealings with emission  
15    allowances and credits. The period after July 3, 2018 represents the over collection from  
16    customers of Cap-and-Trade facility-related charges up to September 30, 2018.

Table 13  
GHG-Facility Variance Account Balances Including Interest (\$000's)

1

Line No.	Account Details	2017	2018		Total
			Jan 1 - Jul 3	Jul 4 - Sep 30	
		(a)	(b)	(c)	(d)
1	Obligation Cost Variance (1)	(1,130)	2,207	(390)	688
2	Deferral Interest (1)	(90)	87	(15)	(18)
	Balance Before Interim Disposition				
3	(line 1 + line 2) (2)	(1,220)	2,294	(405)	670
4	Interim Disposition				(573)
5	Final Deferral Balance (line 3 - line 4)				1,244

Note:

- (1) Deferral Interest accrued to September 30, 2019 has been pro-rated.
- (2) Balance as at December 31, 2019.

2

**2016-2018 CAP-AND-TRADE DEFERRAL AND VARIANCE ACCOUNT DISPOSITION:**

**DEFERRAL AND VARIANCE ACCOUNTS –**

***UNION RATE ZONES***

The purpose of this evidence is to explain Enbridge Gas’s final 2016-2018 Cap-and-Trade-related deferral account balances for the Union rate zones, as provided in Table 1. Allocation and disposition of Cap-and-Trade deferral accounts is addressed at Exhibit D.

Table 1  
Final Cap-and-Trade Deferral and Variance Account Balances  
Including Interest (\$000's)

<u>Line No.</u>	<u>Account Number</u>	<u>Account Name</u>	<u>Final Deferral Balance (1)</u>
1	179-152	GGEIDA	(40)
2	179-154	GGECO - Customer-Related	1,158
3	179-155	GGECO - Facility-Related	188
4		Total	<u>1,307</u>

Note:

(1) Includes deferral interest accrued to September 30, 2019.

This tab of evidence is organized as follows:

1. Cap-and-Trade Program Deferral and Variance Account Descriptions
2. Interim Disposition Through Union’s October 1, 2018 QRAM Application
3. Administration Costs
  - 3.1. 2016 Cap-and-Trade Administration Costs
  - 3.2. 2017 Cap-and-Trade Administration Costs

3.3. 2018 Cap-and-Trade Administration Costs

3.4. 2018 Federal Carbon Pricing Program Administration Costs

4. Customer-Related Obligation Costs

5. Facility-Related Obligation Costs

**1 CAP-AND-TRADE PROGRAM DEFERRAL AND VARIANCE ACCOUNT DESCRIPTIONS**

Enbridge Gas has three deferral accounts associated with the Cap-and-Trade program for the Union rate zones:

1. ***Greenhouse Gas Emissions Impact Deferral Account (Account No. 179-152)*** – approved in

EB-2015-0367 and amended in EB-2016-0296. The purpose of the GGEIDA is to record

administrative costs associated with the impacts of provincial and federal regulations related

to GHG emission requirements until such time as those costs are incorporated into rates.

2. ***Greenhouse Gas Emissions Compliance Obligation – Customer-Related Deferral Account***

***(Account No. 179-154)*** – approved in EB-2016-0296. The purpose of the Greenhouse Gas

Emissions Compliance Obligation – Customer-Related Deferral Account (“GGECO –

Customer-Related”) is to record variances between actual Cap-and-Trade customer-related

obligation costs and the costs recovered in OEB-approved rates.

3. ***Greenhouse Gas Emissions Compliance Obligation – Facility-Related Deferral Account***

***(Account No. 179-155)*** – approved in EB-2016-0296. The purpose of the Greenhouse Gas

Emissions Compliance Obligation – Facility-Related Deferral Account (“GGECO- Facility-

Related”) is to record variances between actual Cap-and-Trade facility-related obligation costs

1 and the costs recovered in OEB-approved rates.

2  
3 **2 INTERIM DISPOSITION THROUGH UNION'S OCTOBER 1, 2018 QRAM APPLICATION**

4 As directed by the OEB,<sup>1</sup> and as explained in Exhibit A, Union eliminated Cap-and-Trade  
5 charges from rates effective October 1, 2018. In addition, Union disposed of the projected net  
6 credit balance of its Cap-and-Trade-related deferral and variance accounts as projected at  
7 September 30, 2018 on an interim basis as part of its October 1, 2018 QRAM application (EB-  
8 2018-0253). The estimated net balance in Union's Cap-and-Trade-related deferral and variance  
9 accounts was a credit of \$12.791 million which included interest of \$0.200 million up to  
10 September 30, 2018.

11  
12 Union disposed of the aggregate net credit balance in its Cap-and-Trade-related deferral and  
13 variance accounts, on an interim basis, in two distinct manners: (i) prospectively over a three  
14 month period, from October 1, 2018 to December 31, 2018 for general service Rate M1, Rate M2,  
15 Rate 01 and Rate 10 customers; and (ii) as a one-time adjustment with the October 2018 bills  
16 customers received in November 2018 for in-franchise contract and ex-franchise rate classes.

17  
18 Of the estimated net credit balance of \$12.791 million, Union refunded a net amount of \$12.033  
19 million on an interim basis, as shown in Table 2. The interim disposition amount represents the  
20 actual recovery of the Cap-and-Trade deferral and variance account balances from October 1,

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<sup>1</sup> EB-2018-0249/0253/0261, OEB Letter: October 2018 Quarterly Gas Adjustment Mechanism Applications  
Direction to Apply for Elimination of Cap and Trade Charges and for the Disposition of Amounts in Related  
Accounts, August 30, 2018.

2018 to December 31, 2018 for general service customers and one-time adjustments with the October 2018 bills received in November for in-franchise contract and ex-franchise rate classes. The variance of \$0.758 million is primarily attributable to the use of estimated September volumes in the derivation of deferral account balances as part of the October 2018 QRAM application and recovery variances associated with the prospective disposition for the general service rate classes.

Table 2  
Interim Disposition of Cap-and-Trade Deferral and Variance Account Balances (\$000's)

Line No.	Account Name	Estimated Balance As Filed (1) (a)	Interim Disposition Amount (b)	Variance (c) = (b - a)
1	GGEIDA	7,587	8,363	776
2	GGECO – Customer-Related	(16,853)	(16,870)	(17)
3	GGECO – Facility-Related	(3,525)	(3,526)	(1)
4	Total	(12,791)	(12,033)	758

Note:

(1) EB-2018-0253, Tab 2, Table 2.

### **3 ADMINISTRATION COSTS**

Union incurred administrative costs from 2016-2018 related to the Ontario government's Cap-and-Trade program and the *Climate Change Act* including participation in the development of the Framework and the development of Union's 2017 and 2018 Compliance Plans. These costs were recorded in Union's GGEIDA and disposed of on an interim basis as part of Union's October 1, 2018 QRAM Application. A summary of the final deferral balances for each year, net of the

interim disposition amount, is summarized in Table 3. A detailed description of the administration costs recorded in each year from 2016-2018 in the GGEIDA is provided below. Enbridge Gas is requesting final approval of the balance in the GGEIDA for the Union rate zones as part of this application.

Table 3  
GGEIDA Balances Including Interest (\$000's)

Line No.	Account Details	2016 (a)	2017 (b)	2018 (c)	Total (d)
1	Total Administration Costs (1)	2,225	3,218	2,722	8,165
2	Deferral Interest (2)	65	62	31	157
3	Balance Before Interim Disposition	2,290	3,280	2,753	8,323
4	Interim Disposition (3)	2,526	3,619	2,219	8,363
5	Final Deferral Balance (line 3 - line 4)	(236)	(338)	534	(40)

Notes:

- (1) Total administrative costs for 2016 and 2017 relate to the Cap-and-Trade program. Total administrative costs for 2018 include \$2.411 million related to Cap-and-Trade program and \$0.311 million related to the Federal Carbon Pricing Program.
- (2) Deferral interest accrued to September 30, 2019.
- (3) The interim disposition amounts are based on the actual recovered balances from October 1, 2018 to December 31, 2018 for general service customers and one-time adjustments with the October 2018 bills received in November for in-franchise contract and ex-franchise rate classes.

### 3.1 2016 CAP-AND-TRADE ADMINISTRATION COSTS

In 2016 Union incurred Cap-and-Trade-related administration costs of \$2.290 million as detailed in Table 4. Enbridge Gas is requesting final OEB approval of Union's 2016 administration costs.

Table 4

Actual Administration Costs for the year ending December 31, 2016

<b>Line No.</b>	<b>Particulars</b>	<b>2016 Cost (\$000)</b>
<b>1</b>	Salaries and Wages	1,682
<b>2</b>	Consulting	377
<b>3</b>	Revenue Requirement on Capital Costs	(4)
<b>4</b>	Other	170
<b>5</b>	Interest	65
<b>6</b>	<b>Total</b>	<b>2,290</b>

As discussed in Exhibit B, Overview, Union's 2016 administration costs relate to the Ontario government's Cap-and-Trade program and the *Climate Change Act* including: (i) interpretation of regulations; (ii) participation in the development of the Framework; and (iii) the development of Union's 2017 Compliance Plan.

**3.1.1 Salaries and Wages**

To support the implementation and ongoing operation of Union's Cap-and-Trade program, Union incurred costs of \$1.682 million in 2016 for salaries and wages. These costs relate to 13 new roles and portions of existing roles totaling 0.5 full time employees. The new roles were added throughout the year; the average incremental FTE for the year was 8 FTE. In the case of existing roles, Union reallocated work, refined processes and restructured support teams to drive productivity gains allowing for these roles to take on incremental Cap-and-Trade work. A breakdown of the activities performed by these FTE is provided in Table 5 and is described in more detail within Union's 2018 Compliance Plan.<sup>2</sup>

<sup>2</sup> EB-2017-0255, Exhibit 6, pp. 8-10.

Table 5  
FTE Breakdown by Activity

Line No.	Activity Description	Number of FTEs
1	Compliance Plan Development and Implementation of Cap-and-Trade	5.0
2	GHG Reporting and Forecasting	3.0
3	Accounting and Financial Processes	1.0
4	Compliance Purchase Plan and Execution	1.0
5	Distribution Business Development	1.5
6	Technology, Innovation and Offsets	2.0
7	<b>Total</b>	<b>13.5</b>

#### 3.1.2 Consulting

Union incurred consulting costs of \$0.377 million in 2016. Union relied on external consultants with carbon market, regulation and program expertise from other jurisdictions (i.e. California, Québec, and Europe) to provide support and knowledge in 2016. Detail of Union's 2016 consulting costs is provided in Table 6 and is described in more detail in Union's 2018 Compliance Plan.<sup>3</sup>

Table 6  
Consulting Costs for the Year Ending December 31, 2016

Line No.	Particulars	2016 Cost (\$000)
1	Legal Interpretation and Review	135
2	Carbon Strategy and Analysis	157
3	Compliance Planning and Implementation	49
4	GHG Reporting and Forecasting	36
5	<b>Total</b>	<b>377</b>

<sup>3</sup> EB-2017-0255, Exhibit 6, pp. 11-13.

1    3.1.3    Revenue Requirement on Capital Costs

2    In 2016, Union designed and implemented billing system changes to allow for the collection of  
3    Cap-and-Trade-related charges effective January 1, 2017. Union incurred capital costs of  
4    approximately \$0.454 million related to changes to its IT billing systems for both general service  
5    and contract customers required to support the implementation of its Cap-and-Trade program in  
6    2016. Consistent with similar capital costs, Union has depreciated the capital costs of the changes  
7    to its IT billing systems over four years and calculated the associated revenue requirement. Union  
8    has recorded a credit of \$0.004 million in the GGEIDA associated with these changes to its IT  
9    billing systems for 2016 due to the capital cost allowance exceeding the provision of book  
10   depreciation during 2016.

11  
12   3.1.4    Other

13   Union incurred costs of approximately \$0.170 million for employee expenses related to travel to  
14   meetings with regulators and consultants, industry association memberships, customer market  
15   research and communications, IT O&M expenses and office supplies in 2016.

16  
17   3.2    2017 CAP-AND-TRADE ADMINISTRATION COSTS

18   In 2017 Union incurred Cap-and-Trade-related administration costs of \$3.280 million as detailed  
19   in Table 7. Enbridge Gas is requesting final OEB approval of Union's actual 2017 administration  
20   costs.

Table 7

Forecast and Actual Administration Costs for the year ending December 31, 2017

<b>Line No.</b>	<b>Particulars</b>	<b>Forecast 2017 Cost (\$000)</b>	<b>Actual 2017 Cost (\$000)</b>
<b>1</b>	Salaries and Wages	2,817	2,438
<b>2</b>	Consulting	670	321
<b>3</b>	Bad Debt	600	141
<b>4</b>	Revenue Requirement on Capital Costs	68	90
<b>5</b>	OEB Costs	0	112
<b>6</b>	Other	68	116
<b>7</b>	Interest	0	62
<b>8</b>	<b>Total</b>	<b>4,223</b>	<b>3,280</b>

Union's 2017 administration costs relate to the Ontario government's Cap-and-Trade program and the *Climate Change Act* including: (i) the implementation and execution of Union's 2017 Compliance Plan; (ii) participation in the development of the OEB's LTCPF and MACC; and (iii) the development of Union's 2018 Compliance Plan. Further, effective January 1, 2017, Union began charging its customers customer-related and facility-related Cap-and-Trade charges. Union's administration costs of \$3.280 million in 2017 are nearly \$1 million lower than the \$4.223 million forecast in its 2017 Compliance Plan (see Table 7) which was deemed by the OEB to be consistent with the Framework.<sup>4</sup>

<sup>4</sup> EB-2016-0296/0300/0330, Decision and Order, September 21, 2017, p. 3.

3.2.1 Salaries and Wages

Union forecast costs of \$2.817 million for salaries and wages in 2017 which included costs for 13.5 FTEs required to execute Union's 2017 Compliance Plan and to sustain Union's Cap-and-Trade program as detailed in Union's 2017 Compliance Plan.<sup>5</sup>

Union incurred costs of \$2.438 million for salaries and wages in 2017 to support the implementation and ongoing operation of Union's Cap-and-Trade program. The variance between forecast and actual costs is attributed to two factors:

1. On an actual basis, as described within Union's 2018 Compliance Plan,<sup>6</sup> Union required one less FTE than was forecast for 2017.
2. During the oral hearing for Union's 2017 Compliance Plan, Union established that its forecast call centre costs for 2017 were expected to be lower than originally estimated: approximately \$0.100 million compared to \$0.275 million.<sup>7</sup> On an actual basis, Union reduced its customer call centre-related costs for salaries and wages by \$0.195 million in 2017 resulting in a total actual call-centre specific cost for 2017 of \$0.080 million.

3.2.2 Consulting

Union forecast costs of \$0.670 million for consulting in 2017 (as detailed in Union's 2017 Compliance Plan).

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<sup>5</sup> EB-2016-0296, Exhibit 3, pp. 29-31.

<sup>6</sup> EB-2017-0255, Exhibit 3, Tab 5, p.6.

<sup>7</sup> EB-2016-0296, Volume 2 TR, p. 122 lines 2-3; EB-2016-0296, Exhibit B.CME.2.

Union incurred costs of \$0.321 million in 2017 for services rendered by external consultants with carbon market, regulation and program expertise in support of the execution of Union's 2017 Compliance Plan and the development of Union's 2018 Compliance Plan. A detailed breakdown of Union's 2017 consulting costs is provided in Table 8.

Table 8

Actual Consulting Costs for the Year Ending December 31, 2017

Line No.	Particulars	2017 Cost (\$000)
1	Legal Interpretation and Review	41
2	Carbon Strategy and Analysis	75
3	Compliance Planning, Implementation	142
4	GHG Reporting and Forecasting	63
5	<b>Total</b>	<b>321</b>

3.2.3 Bad Debt

Union forecast costs of \$0.600 million for Cap-and-Trade-related bad debt in 2017 based on an approximate cost increase of 10% to its general service invoices resulting from the implementation of Union's Cap-and-Trade program effective January 1, 2017.

Union incurred costs of \$0.141 million for Cap-and-Trade-related bad debt in 2017. The variance between forecast and actual costs is attributable to the time lag that occurs before a customer account is written off. As a result of 2017 being the first year that included Cap-and-Trade charges on customer bills, only a partial year amount of Cap-and-Trade related bad debts is recorded in 2017 costs.

1    3.2.4    Revenue Requirement on Capital Costs

2    In 2017, Union continued to incur capital costs of approximately \$0.219 million related to  
3    changes to its IT billing systems to support the implementation of its Cap-and-Trade program, as  
4    detailed in section 3.1.3. Union calculated a revenue requirement of \$0.090 million associated  
5    with these IT billing system changes for 2017.

7    3.2.5    OEB Costs

8    In February 2017, the OEB assembled a Technical Advisory Group (“TAG”) to provide input and  
9    to review draft analysis provided by the OEB’s consultant (ICF) in support of the development of  
10   the OEB’s LTCPF and MACC. The LTCPF was meant to enable comparison of the cost of  
11   carbon to the cost of longer-term investment projects. The MACC was meant to identify the  
12   incremental potential and cost of available abatement measures relative to the cost of carbon for  
13   customer and facility-related obligations. In the Cap-and-Trade Framework, the OEB advised that  
14   “...the OEB will rely on the OEB MACC as its principle tool for assessing Utilities’ selection of  
15   compliance options and resulting cost consequences.”<sup>8</sup> The TAG was led by OEB Staff and  
16   included representatives from Union and EGD, industry experts and consultants, and  
17   stakeholders.<sup>9</sup> The TAG met on two occasions between February and June 2017. The OEB passed  
18   a portion of the costs associated with the TAG and development of the OEB’s LTCPF and MACC  
19   to the Utilities. The costs passed on to Union from the OEB for 2017 were \$0.112 million.

20  

---

<sup>8</sup> EB-2015-0363, Framework, p. 20.

<sup>9</sup> Members of the TAG included representatives from: Energy Futures Group, EnviroEconomics, Navius Research, Union, EGD, the Independent Electricity System Operator, the Environmental Commissioner of Ontario, Canada’s Ecofiscal Commission, Ministry of Energy, and Ministry of Environment and Climate Change.

1    3.2.6    Other

2    Union forecast costs of \$0.068 million for employee expenses related to travel to meetings with  
3    regulators and consultants, industry association memberships, customer market research and  
4    customer outreach and education in 2017.

5  
6    Union incurred costs of \$0.116 million for employee expenses related to travel to meetings with  
7    regulators and consultants, industry association memberships, customer market research and  
8    customer outreach and education in 2017. The variance between forecast and actual costs is  
9    attributable to higher employee expenses in 2017, primarily due to employee travel costs incurred  
10   to support the implementation of Cap-and-Trade.

11  
12   3.3    2018 CAP-AND-TRADE ADMINISTRATION COSTS

13   In 2018 Union incurred Cap-and-Trade-related administration costs of \$2.436 million as detailed  
14   in Table 9. Enbridge Gas is requesting final OEB approval of Union's 2018 administration costs.

Table 9

Forecast and Actual Administration Costs for the year ending December 31, 2018

<b>Line No.</b>	<b>Particulars</b>	<b>Forecast 2018</b> <i>Jan 1-Dec 31</i> (\$000)	<b>Pre-Revocation</b> <i>Jan 1-Jul 3</i> (\$000)	<b>Post-Revocation</b> <i>Jul 4-Sep 30</i> (\$000)	<b>Actual Cost</b> <i>Jan 1-Dec 31</i> (\$000)
<b>1</b>	Salaries and Wages	2,598	1,211	169	1,380
<b>2</b>	Consulting	670	135	29	164
<b>3</b>	Bad Debt	425	165	466	631
<b>4</b>	Revenue Requirement on Capital Costs	193	97	48	145
<b>5</b>	OEB Costs	50	0	0	0
<b>6</b>	Other	68	79	12	91
<b>7</b>	Interest	0	14	11	25
<b>8</b>	<b>Subtotal</b>	<b>4,004</b>	<b>1,701</b>	<b>735</b>	<b>2,436</b>
<b>9</b>	Low Carbon Initiative Fund Costs	2,000	0	0	0
<b>10</b>	<b>Total</b>	<b>6,004</b>	<b>1,701</b>	<b>735</b>	<b>2,436<sup>10</sup></b>

Union's 2018 Cap-and-Trade-related administrative costs relate to the Ontario government's Cap-and-Trade program and the *Climate Change Act* for activities associated with the execution of Union's 2018 Compliance Plan. Further, effective January 1, 2018, Union continued charging its customers 2017 customer-related and facility-related Cap-and-Trade charges consistent with the Board's direction.<sup>11</sup>

<sup>10</sup> Included is an estimate of bad debt for the January 1, 2019 to June 30, 2019 period attributable to customer billed amounts from January 1, 2018 to September 30, 2018.

<sup>11</sup> EB-2017-0224/255/0275, Decision and Order, November 30, 2017, p. 3.

3.3.1 Salaries and Wages

Union forecast costs of \$2.598 million for salaries and wages in 2018, which included costs for 12.5 FTE required to execute Union's 2018 Compliance Plan and to sustain Union's Cap-and-Trade program as detailed in Union's 2018 Compliance Plan application.<sup>12</sup>

Union incurred costs of \$1.380 million for salaries and wages in 2018 to support the execution and ongoing operation of Union's Cap-and-Trade program.

Union's cost for salaries and wages in 2018 reflects cancellation of Ontario's Cap-and-Trade program effective July 3, 2018 and subsequent reduction of Union's Cap-and-Trade-related FTE as detailed in Table 10. Union's FTE requirements for the post-Revocation Regulation period (July 4, 2018 – September 30, 2018) represent the minimum level of staffing required to support the wind-down of Union's Cap-and-Trade program. As of October 1, 2018, Union did not allocate any FTE costs to its Cap-and-Trade program.

Table 10

Breakdown of Union's 2018 FTE Requirements

Line No.	2018 Period	Cap-and-Trade FTE	Federal Carbon FTE
1	Jan 1 - Jul 3	11.25	0
2	Jul 4 - Jul 31	4	1
3	Aug 1 - Sep 30	3	1
4	Oct 1 - Dec 31	0	3

<sup>12</sup> EB-2017-0255, Exhibit 3, Tab 5, p.6.

3.3.2 Consulting

Union forecast costs of \$0.670 million in 2018 for consulting (as detailed in Union's 2018 Compliance Plan).<sup>13</sup>

Union incurred costs of \$0.164 million in 2018 for services rendered by external consultants with carbon market, regulation and program expertise in support of the execution of Union's 2018 Compliance Plan. A detailed breakdown of Union's actual 2018 consulting costs is provided in Table 11.

Table 11

Actual Consulting Costs for the Year Ending December 31, 2018

Line No.	Particulars	2018 Cost (\$000)
1	Legal Interpretation and Review	52
2	Carbon Strategy and Analysis	24
3	Compliance Planning, Implementation	27
4	GHG Reporting and Forecasting	61
5	<b>Total</b>	<b>164</b>

3.3.3 Bad Debt

Union forecast costs of \$0.425 million for Cap-and-Trade-related bad debt in 2018 based on Union's corporate bad debt forecast methodology, calculated by taking Union's forecast compliance obligation costs for general service customers and applying Union's average actual write-off factor from the past five years as detailed in Union's 2018 Compliance Plan.<sup>14</sup>

<sup>13</sup> EB-2016-0296, Exhibit 3, pp. 31-32.

<sup>14</sup> EB-2017-0255, Exhibit B, Tab 5, pp. 10-11.

1 Union incurred costs of \$0.631 million for Cap-and-Trade-related bad debt in 2018. Included in  
2 this amount is \$0.240 million estimated for Cap-and-Trade related bad debts beyond December  
3 31, 2018, due to the time lag associated with actual customer account write-offs.

#### 5 3.3.4 Revenue Requirement on Capital Costs

6 Union calculated a revenue requirement of \$0.193 million associated with IT billing system  
7 changes, for both general service and contract customers required to support the implementation  
8 of its Cap-and-Trade program as detailed in section 3.1.3, for 2018. Union has included a prorated  
9 amount of revenue requirement of \$0.145 million in the GGEIDA representing the revenue  
10 requirement attributable to the nine month period ending September 30, 2018.

#### 12 3.3.5 OEB Costs

13 Union forecast costs of \$0.050 million in 2018 for continued support in the development of an  
14 updated OEB LTCPF and participation on the OEB's Cap and Trade Working Group.

15  
16 As a result of Cap-and-Trade program cancellation effective July 3, 2018, Union did not incur  
17 any OEB cost in 2018.

1    3.3.6    Other

2    Union forecast costs of \$0.068 million for employee expenses related to travel to meetings with  
3    regulators and consultants, industry association memberships, customer market research and  
4    customer outreach and education in 2018.

5  
6    Union incurred costs of \$0.091 million for employee expenses related to travel to meetings with  
7    regulators and consultants, industry association memberships, customer market research and  
8    customer outreach and education in 2018. The variance between forecast and actual costs is  
9    attributable to employee travel costs incurred to support the wind-down Cap-and-Trade and  
10    compliance with the GGPPA.

11  
12    3.4    2018 FEDERAL CARBON PRICING PROGRAM ADMINISTRATION COSTS

13    In 2018 Union incurred incremental administration costs of \$0.317 million related to the federal  
14    government's GGPPA and in preparation for the implementation of the FCPP in 2019, as detailed  
15    in Table 12. Enbridge Gas is requesting final OEB approval of Union's incremental FCPP-related  
16    administration costs.

Table 12

FCPP-Related Administration Costs for the year ending December 31, 2018

<b>Line No.</b>	<b>Particulars</b>	<b>Actual Cost <i>Jul 4-Dec 31</i> <i>(\$000)</i></b>
<b>1</b>	Salaries and Wages	245
<b>2</b>	Consulting	1
<b>3</b>	Revenue Requirement on Capital Costs	48
<b>4</b>	Other	17
<b>5</b>	Interest	6
<b>6</b>	<b>Total</b>	<b>317</b>

Between July 4, 2018 and December 31, 2018, Union incurred administration costs related to the interpretation of the federal government's GGPPA and preparation for implementation of the FCPP in Ontario in 2019 (see Exhibit B, Overview for additional detail on the GGPPA and the FCPP).

**3.4.1 Salaries and Wages**

To support the interpretation of the federal government's GGPPA and preparation for the implementation of the FCPP Union incurred costs of \$0.245 million in 2018 for salaries and wages. These costs relate to 3 FTEs required to ensure compliance with the GGPPA as outlined in Table 10.

**3.4.2 Consulting**

Union incurred consulting costs of \$0.001 million in 2018 in support of the interpretation of the GGPPA.

3.4.3 Revenue Requirement on Capital Costs

As noted in section 3.1.3 and 3.2.4, Union incurred capital costs of approximately \$0.673 million related to changes to its IT billing systems to support the implementation of its Cap-and-Trade program. As noted in Enbridge Gas's 2019 Federal Carbon Pricing Program application (EB-2018-0205), Enbridge Gas has determined that certain Cap-and-Trade-related IT billing system functionality can be re-purposed to collect GGPPA-related charges. As such, Enbridge Gas will continue to seek recovery of the revenue requirement for periods beyond 2018 associated with Cap-and-Trade related IT billing system changes under the GGPPA. In addition to the pro-rated amount of revenue requirement attributable to the nine month period ending September 30, 2018, Union has also included a pro-rated amount of revenue requirement of \$0.048 million in the GGEIDA representing the revenue requirement attributable to the three month period ending December 31, 2018 for IT billing system changes that were re-purposed to collect GGPPA-related charges.

*Additional GGPPA Billing System Functionality*

As noted in Enbridge Gas's 2019 Federal Carbon Pricing Program application, additional billing system modifications are required to collect GGPPA-related charges. As detailed in EB-2018-0205, filed on January 11, 2019, Union forecasts that it will incur an additional \$0.1 million in 2019 associated with IT billing system modifications.

3.4.4 Other

Union incurred costs of \$0.017 million in 2018 for travel and customer outreach in order to comply with the GGPPA and in preparation for implementation of the FCPP, as well as other federal government environmental programs..

**4 CUSTOMER-RELATED OBLIGATION COSTS**

The final balance in the GGECO – Customer-Related deferral account is a debit balance of \$1.158 million. Union incurred a net credit of \$15.712 million related to the variance between actual Cap-and-Trade customer-related obligation costs and the costs recovered in OEB-approved rates in 2017 and 2018, including interest. The net costs were recorded in Union’s GGECO – Customer-Related deferral account and disposed of on an interim basis as part of Union’s October 1, 2018 QRAM Application. A summary of the final deferral balances for each year, net of the interim disposition amount, is provided in Table 13.

Union has identified the balances for the period prior to and after July 3, 2018, which is the date the government filed Ontario Regulation 386/18 to revoke the Cap-and-Trade Program regulation (Ontario Regulation 144/16) and to prohibit the purchase, sale and other dealings with emission allowances and credits. The period after July 3, 2018 represents the over collection from customers of Cap-and-Trade customer-related charges up to September 30, 2018.

Table 13  
GGECO – Customer-Related Deferral Account Balances Including Interest (\$000's)

Line No.	Account Details	2017	2018		Total
			Jan 1 - Jul 3	Jul 4 - Sep 30	
		(a)	(b)	(c)	(d)
1	Obligation Cost Variance	5,705	5,853	(27,355)	(15,797)
2	Deferral Interest (1)	120	53	(88)	85
3	Balance Before Interim Disposition	5,825	5,906	(27,443)	(15,712)
4	Interim Disposition (2)	6,657	5,940	(29,467)	(16,870)
5	Final Deferral Balance (line 3 - line 4)	(832)	(34)	2,024	1,158

Note:

- (1) Deferral interest accrued to September 30, 2019.  
(2) The interim disposition amounts are based on the actual recovered balances from October 1, 2018 to December 31, 2018 for general service customers and one-time adjustments with the October 2018 bills received in November 2018 for in-franchise contract and ex-franchise rate classes.

1  
2 **5 FACILITY-RELATED OBLIGATION COSTS**  
3 The final balance in the GGECO – Facility-Related deferral account is a debit balance of \$0.188  
4 million. Union incurred a net credit of \$3.338 million related to the variance between actual Cap-  
5 and-Trade facility-related obligation costs and the costs recovered in OEB-approved rates in 2017  
6 and 2018. The net costs were recorded in Union’s GGECO – Facility-Related deferral account  
7 and disposed of on an interim basis as part of Union’s October 1, 2018 QRAM application. A  
8 summary of the final deferral balances for each year, net of the interim disposition amount, is  
9 provided in Table 14.

1 Union has identified the balances for the period prior to and after July 3, 2018, which is the date  
2 the government filed Ontario Regulation 386/18 to revoke the Cap-and-Trade Program regulation  
3 (Ontario Regulation 144/16) and to prohibit the purchase, sale and other dealings with emission  
4 allowances and credits. The period after July 3, 2018 represents the over collection from  
5 customers of Cap-and-Trade facility-related charges up to September 30, 2018.

6

Table 14  
GGECO – Facility-Related Deferral Account Balances Including Interest (\$000's)

Line No.	Account Details	2017	2018		Total
			Jan 1 - Jul 3	Jul 4 - Sep 30	
		(a)	(b)	(c)	(d)
1	Obligation Cost Variance	(883)	(926)	(1,492)	(3,300)
2	Deferral Interest (1)	(30)	(1)	(7)	(38)
3	Balance Before Interim Disposition	(913)	(926)	(1,498)	(3,338)
4	Interim Disposition (2)	(921)	(1,095)	(1,510)	(3,526)
5	Final Deferral Balance (line 3 - line 4)	8	168	12	188

Note:

- (1) Deferral interest accrued to September 30, 2019.
- (2) The interim disposition amounts are based on the actual recovered balances from October 1, 2018 to December 31, 2018 for general service customers and one-time adjustments with the October 2018 bills received in November 2018 for in-franchise contract and ex-franchise rate classes.

**2016-2018 CAP-AND-TRADE DEFERRAL & VARIANCE ACCOUNT DISPOSITION:**

**TRANSACTION SUMMARIES & PROCUREMENT ACTIVITY –**

***EGD RATE ZONE***

The purpose of this evidence is to provide information related to EGD's 2017 and 2018 Cap-and-Trade compliance activities, including: (i) annual transaction summaries; and (ii) actual vs. forecast compliance portfolios, as directed by the OEB,<sup>1</sup> specific to the EGD rate zone.

This tab of evidence is organized as follows:

1. Background

2. 2017 Procurement Activity

2.1 Actual vs. Forecast Compliance Portfolio

2.2 Transaction Summary

3. 2018 Procurement Activity

3.1 Actual vs. Forecast Compliance Portfolio

3.2 Transaction Summary

4. Total Cap and Trade Compliance Plan Costs

---

<sup>1</sup> EB-2018-0331, Notice and Procedural Order No. 1, p. 3.

1   **1   BACKGROUND**

2   EGD's 2017 and 2018 Compliance Plans outlined its strategy for meeting its obligations under  
3   the Cap-and-Trade program. These strategies included abatement of GHG emissions and the  
4   purchase of compliance instruments.

5  
6   In 2016, EGD retained Alpha Inception LLC. ("Alpha"), a carbon market consultant, to assist in  
7   developing an understanding of the carbon marketplace and for providing input into the  
8   development of EGD's procurement strategy. [REDACTED]

9   [REDACTED] Based on Alpha's expert input, EGD developed a 2017 compliance strategy  
10   recognizing the Framework's Guiding Principles and corporate risk tolerance. Additionally, the  
11   Company adopted criteria highlighted by the Board during EGD's 2017 confidential hearing and  
12   implemented a prudent procurement strategy.<sup>2</sup> [REDACTED]

13 [REDACTED]  
14 [REDACTED]  
15  
16 With regards to EGD's 2018 Compliance Plan, EGD determined that the market and strategy  
17 reports prepared for 2017 compliance planning purposes were still relevant, and therefore a full  
18 refresh was not necessary. Instead, EGD sought key input from various consultants for the  
19 development of its strategy. For the development of its 2018 Compliance Plan, EGD sought  
20 carbon price forecasts [REDACTED] These forecasts  
21 were provided to assist EGD in understanding the anticipated price change of an emissions

---

<sup>2</sup> EB-2016-0300, Tr. 6, pp. 48-52.

1 allowance over the course of 2018. EGD also retained ClearBlue to provide an offset strategy  
2 that EGD could incorporate into its 2018 Compliance Plan. [REDACTED]

3 [REDACTED]  
4 [REDACTED]  
5 [REDACTED]  
6  
7 As discussed in EB-2016-0300,<sup>3</sup> EGD developed a Plan-Do-Check-Act cycle to assist with the  
8 implementation and continuous improvement of its compliance plans. The intent of this model  
9 was to ensure that the strategy's flexibility was maintained and able to incorporate information,  
10 such as emissions and market data.

11  
12 [REDACTED]  
13 [REDACTED]  
14 [REDACTED]  
15 [REDACTED]  
16 [REDACTED]  
17 [REDACTED]

18  
19 [REDACTED]  
20 [REDACTED]  
21 [REDACTED]

---

<sup>3</sup> EB-2016-0300, Exhibit C, Tab 1, Schedule 1, pp. 11-15.

1 [REDACTED]

2 [REDACTED]

3 [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED]

7 [REDACTED]

8

9 **2 2017 PROCUREMENT ACTIVITY**

10 EGD's 2017 Compliance Plan forecasted customer and facility-related emissions to be 21.1

11 MtCO<sub>2</sub>e.<sup>4</sup> Using this forecast, EGD's 2017 Compliance Plan provided potential cost estimations

12 for its 2017 procurement activities. EGD calculated an expected total cost of \$374.1 million

13 (Customer and Facility-related combined) based on the carbon price used for rate making

14 purposes, which was a forecasted Ontario-only auction reserve price of \$17.70 CAD/tCO<sub>2</sub>e.<sup>5</sup>

15 [REDACTED]

16 [REDACTED]

17

18 EGD's actual 2017 customer and facility related emissions were 19.9 MtCO<sub>2</sub>e.<sup>7</sup> This amount is

19 net of actual customer abatement of 0.005 MtCO<sub>2</sub>e associated with EGD's Green Investment

20 Fund ("GIF") program. [REDACTED]

<sup>4</sup> EB-2016-0300, Exhibit B, Tab 3, Schedule 1, p. 2.

<sup>5</sup> EB-2016-0300, Exhibit G, Tab 1, Schedule 1, pp's 4-5.

<sup>7</sup> [REDACTED]

<sup>7</sup> As reported to the Ministry of Environment, Conservation and Parks on June 1, 2018.

1 [REDACTED]  
2 [REDACTED]  
3 [REDACTED]  
4 [REDACTED]  
5 [REDACTED]  
6

7 2.1 ACTUAL VS. FORECAST COMPLIANCE PORTFOLIO

8 This section of evidence includes discussion of the various components of EGD's 2017  
9 compliance activities. The details of EGD's 2017 forecast and actual compliance activities can  
10 be found at Exhibit C, Tab 1, Schedule 1.  
11

12 2.1.1 COMPLIANCE INSTRUMENT PURCHASES

13 [REDACTED]  
14 [REDACTED]  
15 [REDACTED]  
16 [REDACTED]  
17

18 2.1.2 TRANSACTION COSTS

19 [REDACTED]  
20 [REDACTED]

---

[REDACTED]

1 [REDACTED]

2 [REDACTED]

3 [REDACTED]

4 [REDACTED]

5  
6 2.1.3 FINANCING COSTS  
7 Financing costs are carrying costs related to the acquisition of compliance instruments for future  
8 compliance. [REDACTED]

9 [REDACTED]  
10 [REDACTED]

11  
12 2.1.4 ABATEMENT

13 EGD's 2017 Compliance Plan identified that EGD had received proceeds from the Ontario  
14 government's Green Investment Fund ("GIF") to conduct customer-related abatement activity;  
15 however because of timing of the forecasting process at EGD, the 2017 Compliance Plan did not  
16 include a forecast for the emissions reductions associated with abatement programs.<sup>10</sup> On an  
17 actual basis, EGD realized emission reductions of 0.005 MtCO<sub>2</sub>e as a result of customer  
18 abatement associated with EGD's whole home audit and retrofit program.<sup>11</sup>

19  

---

[REDACTED]  
<sup>10</sup> EB-2016-0300 Exhibit B, Tab 2, Schedule 1, pp. 2-3.

<sup>11</sup> EB-2017-0224, Exhibit I.5.EGDI.STAFF.53.

1    2.1.5    TOTAL COMPLIANCE PLAN VOLUME VARIANCE

2	[REDACTED]
3	[REDACTED]
4	[REDACTED]
5	[REDACTED]
6	[REDACTED]
7	[REDACTED]
8	[REDACTED]
9	
10	[REDACTED]
11	[REDACTED]
12	[REDACTED]
13	[REDACTED]
14	[REDACTED]
15	[REDACTED]
16	[REDACTED]
17	[REDACTED]

18

19    2.1.6    TOTAL COMPLIANCE PLAN PRICE VARIANCE

20	[REDACTED]
21	[REDACTED]

[REDACTED]

1 [REDACTED]

2 [REDACTED]

3 [REDACTED]

4 [REDACTED]

5 [REDACTED]

6

7 2.1.7 TOTAL COMPLIANCE PLAN COST

8 [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 [REDACTED]

13

14 [REDACTED]

15 [REDACTED]

16 [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 [REDACTED]

21

22

2.2 TRANSACTION SUMMARY

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

As discussed in EB-2016-0300, Exhibit C, Tab 1, Schedule 1, EGD's Plan-Do-Check-Act model included regular review of emission and procurement data.<sup>15</sup> [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

<sup>15</sup> EB-2016-0300 Exhibit C, Tab 1, Schedule 1.

1

[REDACTED]

2

[REDACTED]

3

[REDACTED]

4

[REDACTED]

5

[REDACTED]

6

7

[REDACTED]

8

[REDACTED]

9

[REDACTED]

10

[REDACTED]

11

[REDACTED]

12

[REDACTED]

13

[REDACTED]

14

[REDACTED]

15

[REDACTED]

16

[REDACTED]

17

[REDACTED]

18

[illegible]

EGD's 2018 Compliance Plan forecasted customer and facility related emissions to be 20.1 MtCO<sub>2</sub>e.<sup>16</sup> The 2018 Compliance Plan detailed EGD's expectation that its forecast emissions obligation would be satisfied through a combination of: (i) customer abatement of 0.010 MtCO<sub>2</sub>e (annually) associated with EGD's whole home audit and retrofit program;<sup>17</sup> and (ii) procurement of compliance instruments at a forecast price for rate making purposes of \$18.99 CAD/tCO<sub>2</sub>e,

<sup>17</sup> EB-2017-0224, Exhibit C, Tab 5, Schedule 2, p. 29.

1 resulting in an expected total cost of \$381.7 million CAD.<sup>18</sup> [REDACTED]

2 [REDACTED]

3  
4 EGD's actual 2018 customer and facility-related emissions from January 1, 2018 to July 3, 2018  
5 were 12.8 MtCO<sub>2</sub>e.<sup>20</sup> This is net of actual customer abatement of 0.004 MtCO<sub>2</sub>e. [REDACTED]

6 [REDACTED]

7 [REDACTED]

8 [REDACTED]

9  
10 3.1 ACTUAL VS. FORECAST COMPLIANCE PORTFOLIO

11 This section of evidence includes discussion of the various components of EGD's 2018  
12 compliance activities. The details of EGD's 2018 forecast compliance activities can be found at  
13 Exhibit C, Tab 1, Schedule 3.

14  
15 3.1.1 COMPLIANCE INSTRUMENTS

16 [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 [REDACTED]

20  
<sup>18</sup> EB-2017-0224, Exhibit G, Tab 1, Schedule 1, p. 3.

<sup>20</sup> As reported to the Ministry of Environment, Conservation and Parks on September 1, 2019.

1 [REDACTED]  
2 [REDACTED]  
3 [REDACTED]  
4 [REDACTED]  
5 [REDACTED]  
6 [REDACTED]  
7 [REDACTED]  
8 [REDACTED]  
9 [REDACTED]  
10 [REDACTED]

11

12 3.1.2 TRANSACTION COSTS

13 [REDACTED]  
14 [REDACTED]  
15 [REDACTED]  
16 [REDACTED]  
17 [REDACTED]  
18 [REDACTED]

19

[REDACTED]

1    3.1.3    FINANCING COSTS

2    [REDACTED]

3    [REDACTED]

4    [REDACTED]

6    3.1.4    ABATEMENT

7    EGD's 2018 Compliance Plan included an annual forecasted reduction of 0.010 MtCO<sub>2</sub>e  
8    resulting from customer abatement associated with EGD's whole home retrofit audit and  
9    program. Actual 2018 emission reductions attributed to the customer abatement associated with  
10   EGD's whole home audit and retrofit program for the period January 1, 2018 to July 3, 2018 is  
11   0.004 MtCO<sub>2</sub>e.

13   3.1.5    TOTAL COMPLIANCE PLAN VOLUME VARIANCE

14   [REDACTED]

15   [REDACTED]

16   [REDACTED]

17   [REDACTED]

18   [REDACTED]

19   [REDACTED]

20   [REDACTED]

21   [REDACTED]

1    3.1.6    TOTAL COMPLIANCE PLAN PRICE VARIANCE

2    [REDACTED]

3    [REDACTED]

4    [REDACTED]

5

6    3.1.7    TOTAL COMPLIANCE PLAN COST

7    [REDACTED]

8    [REDACTED]

9    [REDACTED]

10    [REDACTED]

11

12    3.2    TRANSACTION SUMMARY

13    [REDACTED]

14    [REDACTED]

15    [REDACTED]

16    [REDACTED]

17

18    [REDACTED]

19    [REDACTED]

20

[REDACTED]

1 [REDACTED]  
2 [REDACTED]  
3 [REDACTED]  
4 [REDACTED]  
5 [REDACTED]  
6 [REDACTED]  
7 [REDACTED]  
8  
9 [REDACTED]  
10 [REDACTED]  
11 [REDACTED]  
12 [REDACTED]  
13 [REDACTED]  
14 [REDACTED]  
15 [REDACTED]  
16 [REDACTED]  
17  
18 [REDACTED]  
19 [REDACTED]  
20 [REDACTED]  
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[REDACTED]

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6 Following the announcement that Ontario would not be participating in the third quarter joint  
7 auction, the California Air Resources Board issued a notice indicating that the Compliance  
8 Instrument Tracking System Service (“CITSS”) had been modified to prevent the transfer of  
9 compliance instruments, including offsets, from entities registered in Ontario and entities  
10 registered in either California or Québec. This modification came into effect on June 15, 2017.

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18 4 TOTAL CAP-AND-TRADE COMPLIANCE PLAN COSTS

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The obligation cost variance debit of \$0.7 million resulting from the

- 1 difference between the facility-related obligation costs and the costs recovered in OEB-approved rates is
- 2 discussed in Exhibit B, Tab 1.

**2016-2018 CAP-AND-TRADE DEFERRAL & VARIANCE ACCOUNT DISPOSITION:**

**TRANSACTION SUMMARIES & PROCUREMENT ACTIVITY –**

***UNION RATE ZONES***

The purpose of this evidence is to provide information related to Union’s 2017 and 2018 Cap-and-Trade compliance activities including: (i) annual transaction summaries; and (ii) actual vs. forecast compliance portfolios, as directed by the OEB,<sup>1</sup> specific to the Union rate zones.<sup>2</sup>

This tab of evidence is organized as follows:

1. Background

2. 2017 Procurement Activity

2.1 Actual vs. Forecast Compliance Portfolio

2.2 Transaction Summary

3. 2018 Procurement Activity

3.1 Actual vs. Forecast Compliance Portfolio

3.2 Transaction Summary

4. Total Cap and Trade Compliance Plan Costs

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<sup>1</sup> EB-2018-0331, Notice and Procedural Order No. 1, p. 3.

<sup>2</sup> “Union rate zones” collectively refers to Union North and Union South.

**1 BACKGROUND**

In Union's 2017 and 2018 Compliance Plans, Union outlined its strategy for meeting its obligations under the Cap-and-Trade program. These strategies included abatement of GHG emissions and the purchase of compliance instruments. In both of its 2017 and 2018 Compliance Plans, Union filed reports from ClearBlue Markets ("ClearBlue"), who leveraged their extensive experience managing large compliance obligations in other Cap-and-Trade jurisdictions to assist Union in developing its compliance instrument procurement strategy.<sup>3</sup> Below is a brief overview of the key elements of Union's compliance instrument procurement strategy.

As discussed in Union's 2017 and 2018 Compliance Plans, Union established the following general criteria to assess compliance instruments for use in its Compliance Plan:<sup>4</sup>

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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<sup>3</sup> EB-2016-0296 Exhibit 3; EB-2017-0255 Exhibit 3, Tab 3.

<sup>4</sup> EB-2016-0296 Exhibit B.Staff.22 f); EB-2017-0255 Exhibit 3, Tab 3, p. 2.

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[REDACTED]

[REDACTED]

The general criteria guided the design of Union’s planned compliance instrument mix as well as its decisions on actual procurement of compliance instruments in both 2017 and 2018.

A key element of Union’s compliance instrument procurement strategy was risk management.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

1 [REDACTED]  
2 [REDACTED]  
3 [REDACTED]  
4 [REDACTED]  
5 [REDACTED]  
6 [REDACTED]

7  
8 **2 2017 PROCUREMENT ACTIVITY**

9 Union's 2017 Compliance Plan forecasted customer and facility-related emissions to be 15.6  
10 million MtCO<sub>2</sub>e.<sup>5</sup> The 2017 Compliance Plan detailed Union's expectation that Union's forecast  
11 emission obligation would be satisfied through a combination of: (i) customer abatement of  
12 0.007 MtCO<sub>2</sub>e associated with Union's Home Reno Rebate program;<sup>6</sup> and [REDACTED]

13 [REDACTED]  
14 [REDACTED]

15  
16 Union's actual 2017 customer and facility related emissions were 13.1 MtCO<sub>2</sub>e. This amount is  
17 net of actual customer abatement of 0.007 MtCO<sub>2</sub>e. [REDACTED]

18 [REDACTED]  
19 [REDACTED]

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1 [REDACTED]  
<sup>6</sup> EB-2016-0296, Exhibit 3, pp. 24-25; EB-2016-0296, Exhibit 3, Schedule 1, line 6.

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[REDACTED]

[REDACTED]

2.1 ACTUAL VS. FORECAST COMPLIANCE PORTFOLIO

This section of evidence includes discussion of the various components of Union's 2017 compliance portfolio. The details of Union's 2017 forecast and actual compliance activities can be found at Exhibit C, Tab 2, Schedule 1.

2.1.1 COMPLIANCE INSTRUMENT PURCHASES

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

2.1.2 TRANSACTION COSTS

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

2.1.3 FINANCING COSTS

Financing costs are carrying costs related to the acquisition of compliance instruments for future compliance. [REDACTED]

[REDACTED]

[REDACTED]

2.1.4 ABATEMENT

Union's 2017 Compliance Plan included a forecasted reduction of 0.007 MtCO<sub>2</sub>e resulting from customer abatement associated with Union's Home Reno Rebate program funded in part by the GIF.<sup>9</sup> Actual 2017 emission reductions attributed to customer abatement associated with Union's Home Reno Rebate program and the GIF is 0.007 MtCO<sub>2</sub>e as detailed at Exhibit C, Tab 2, Schedule I, column i, line 6.

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<sup>9</sup> EB-2016-0296, Exhibit 3, pp. 24-25; EB-2016-0296, Exhibit 3, Schedule 1, line 6.

1    2.1.5    TOTAL COMPLIANCE PLAN VOLUME VARIANCE

2	[REDACTED]
3	[REDACTED]
4	[REDACTED]
5	[REDACTED]
6	[REDACTED]
7	[REDACTED]
8	[REDACTED]
9	[REDACTED]
10	[REDACTED]
11	[REDACTED]

12

13	[REDACTED]
14	[REDACTED]

15

16    2.1.6    TOTAL COMPLIANCE PLAN PRICE VARIANCE

17	[REDACTED]
18	[REDACTED]
19	[REDACTED]
20	[REDACTED]

21

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■ [REDACTED]

1    2.1.7    TOTAL COMPLIANCE PLAN COST

2    [REDACTED]  
3    [REDACTED]  
4    [REDACTED]  
5    [REDACTED]  
6    [REDACTED]

7  
8    [REDACTED]  
9    [REDACTED]  
10    [REDACTED]  
11    [REDACTED]

12

13    2.2    TRANSACTION SUMMARY

14    [REDACTED]  
15    [REDACTED]  
16    [REDACTED]  
17    [REDACTED]

18  
19    [REDACTED]  
20    [REDACTED]

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[REDACTED]  
[REDACTED]

1 [REDACTED]

2 [REDACTED]

3 [REDACTED]

4 **3 2018 PROCUREMENT ACTIVITY**

5 Union's 2018 Compliance Plan forecasted customer and facility-related emissions to be 14.9  
6 MtCO<sub>2</sub>e. The 2018 Compliance Plan detailed Union's expectation that its forecast emission  
7 obligation would be satisfied through a combination of: (i) customer abatement of 0.013 MtCO<sub>2</sub>e  
8 associated with Union's Home Reno Rebate program; and (ii) procurement of compliance

9 [REDACTED]

10 [REDACTED]

11 [REDACTED]  
12 Union's actual 2018 customer and facility-related emissions from January 1, 2018 to July 3, 2018  
13 were 8.3 MtCO<sub>2</sub>e.<sup>14</sup> This is net of actual customer abatement of 0.002 MtCO<sub>2</sub>e. [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 [REDACTED]

17 [REDACTED]

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■ [REDACTED]

<sup>14</sup> As reported to the Ministry of Environment, Conservation and Parks on September 1, 2019.



3.1.2 TRANSACTION COSTS

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

3.1.3 FINANCING COSTS

[REDACTED]

[REDACTED]

3.1.4 ABATEMENT

Union's 2018 Compliance Plan included a forecasted reduction of 0.013 MtCO<sub>2</sub>e resulting from customer abatement associated with Union's Home Reno Rebate program funded in part by the GIF. Actual 2018 emission reductions attributed to customer abatement associated with Union's Home Reno Rebate program and the GIF for the period January 1, 2018 to July 3, 2018 is 0.002 MtCO<sub>2</sub>e.

3.1.5 TOTAL COMPLIANCE PLAN VOLUME VARIANCE

[REDACTED]

[REDACTED]

1 [REDACTED]

2 [REDACTED]

3  
4 [REDACTED]

5 [REDACTED]

6 [REDACTED]

7 [REDACTED]

8  
9 3.1.6 TOTAL COMPLIANCE PLAN PRICE VARIANCE

10 [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 [REDACTED]

14 [REDACTED]

15  
16 3.1.7 TOTAL COMPLIANCE PLAN COST

17 [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 [REDACTED]

1    3.2    TRANSACTION SUMMARY

2    [REDACTED]

3    [REDACTED]

4    [REDACTED]

5    [REDACTED]

6    [REDACTED]

7    [REDACTED]

8    [REDACTED]

9    [REDACTED]

10    [REDACTED]

11    [REDACTED]

12    [REDACTED]

13    [REDACTED]

14    [REDACTED]

15    [REDACTED]

16    [REDACTED]

17    [REDACTED]

18    [REDACTED]

19    [REDACTED]

20    [REDACTED]

21    [REDACTED]

\_\_\_\_\_

■ [REDACTED]

4 TOTAL CAP AND TRADE COMPLIANCE PLAN COSTS

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] The

obligation cost variance credit of \$15.8 million resulting from the difference between the

customer-related obligation costs and the costs recovered in OEB-approved rates is discussed in

1 Exhibit B, Tab 2.

2

3 [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED] The

7 obligation cost variance credit of \$3.3 million resulting from the difference between the facility-

8 related obligation costs and the costs recovered in OEB-approved rates is discussed in Exhibit B,

9 Tab 2.

**2016-2018 CAP-AND-TRADE DEFERRAL AND VARIANCE ACCOUNT DISPOSITION:**

**COST RECOVERY -**

***EGD RATE ZONE***

The purpose of this evidence is to address the proposed disposition of the 2016-2018 Cap-and-Trade-related deferral and variance account balances for the EGD rate zone identified at Exhibit B, Tab 1, and Table 1.

This section of evidence is organized as follows:

1. Cap-and-Trade-Related Deferral and Variance Account Balances
2. Disposition of Account Balances
3. General Service Bill Impacts

**1. CAP-AND-TRADE RELATED DEFERRAL ACCOUNTS**

The evidence and exhibits within this section and in the schedules in Appendix A provide final balances recorded in each of EGD's Cap-and-Trade deferral and variance accounts (as detailed in Exhibit B, Tab 1) for the following periods: i) 2017, ii) January 1 – July 3, 2018, iii) July 4 – September 30, 2018, as well as, the total amounts cleared to each customer class from interim disposition/clearance within the October 1 – October 31, 2018 period. This evidence also lays out proposed disposition of the remaining/outstanding balances, after interim disposition, in the Cap-and-Trade-related deferral and variance accounts to EGD's rate classes.

1    **2. PROPOSED DISPOSITION OF ACCOUNT BALANCES**

2    Enbridge Gas has developed final Cap-and-Trade clearance unit rates for the EGD rate zone to  
3    dispose of the remaining/outstanding Cap-and-Trade Customer-Related, Facility-Related and  
4    administration (GGEIDA) deferral and variance account balances. Exhibit D, Tab 1, Appendix A,  
5    Schedule 7, shows the final Cap-and-Trade clearance unit rates by rate class. Exhibit D, Tab 1,  
6    Appendix A, Schedule 8, shows the composition of the clearance unit rates by rate class which is  
7    comprised of Customer-Related, Facility-Related, and GGEIDA unit rates.

8  
9    Supporting documentation for the final Cap-and-Trade clearance unit rates can be found at  
10    Exhibit D, Tab 1, Appendix A, Schedules 1-6, which lay out the step-by-step derivation of the  
11    final clearance unit rates for the remaining balance in each of the accounts: Customer-Related,  
12    Facility-Related, and GGEIDA.

13  
14    The derivation of the final clearance unit rates for each account is laid out over two schedules. For  
15    example, the derivation of the unit rates to clear the final balance in the Customer-Related  
16    account is laid out at Exhibit D, Tab 1, Appendix A, Schedules 1 and 2.

17  
18    The purpose of Exhibit D, Tab 1, Appendix A, Schedule 1 is twofold:

- 19        1. It recaps the information (forecast account balances and interest by rate class, forecast  
20            volumes) that comprised interim disposition/clearance for EGD in October 2018 (see  
21            shaded columns).

1        2. It provides the actual volumes (Col. 2) on which the interim disposition unit rates were  
2        billed to customers and the actual credit or collection amounts refunded to or charged to  
3        customers (Col 10).

4        Given that the actual refunds and collections did not match the interim clearance forecast, the  
5        difference between forecast and actual needs to be trued up as part of the final clearance of the  
6        remaining Cap-and-Trade account balances. Accordingly, Col. 11 shows the true up amounts for  
7        each rate class.

8  
9        Exhibit D, Tab 1, Appendix A, Schedule 2 first provides the final balance in the account for the  
10       January 1, 2017 to September 30, 2018 period (Col. 1 – 4), then derives the difference between  
11       the final balance and the interim forecast balance (Col. 6) and adds in Col. 7 the true up amounts  
12       from Exhibit D, Tab 1, Appendix A, Schedule 1, Col. 11 to determine the final remaining balance  
13       to be cleared to each rate class (Col. 8).

14  
15       More specifically, Col. 1, 2, and 3 provide final balances to be cleared to each rate class for: i)  
16       2017, ii) January 1 – July 3, 2018, iii) July 4 – September 30, 2018. Col. 4 summarizes the final  
17       balances by rate class for the entire period from January 1, 2017 to September 30, 2018.

18  
19       Col. 5 recaps the interim forecast balance by rate class. Col. 6 derives the difference between the  
20       final balance and interim balance, which is the first part of the remaining balance to be cleared to  
21       customers. The second part of the remaining balance is the true up amounts from Schedule 1, Col.

1 11, which are reproduced in Col. 7. Col. 8 is the sum of Col. 6 and Col. 7 and represents the final  
2 remaining balance to be cleared to customers.

3  
4 Col. 9 provides interest applicable to the final balance for each rate class and Col. 10 shows the  
5 total remaining balance, inclusive of interest, to be cleared to customers.

6  
7 Enbridge Gas is proposing to clear the final remaining balances for the EGD rate zone as a one-  
8 time billing adjustment on customers' bills in October 2019 (as part of October 1, 2019 QRAM  
9 rate change). Therefore, consistent with the historical (OEB-approved) practice for clearance of  
10 deferral and variance account balances, the proposed clearance unit rates are derived using  
11 customers' actual 2018 volumes in Col. 11. Given that customers' actual volumes are  
12 known/fixed, the final disposition of the remaining Cap-and-Trade balances will not generate any  
13 further variances that would need to be trued up at a future time. Following the OEB's prudence  
14 review and the proposed final disposition, Enbridge Gas will be able to apply to close the three  
15 EGD rate zone specific Cap-and-Trade-related deferral and variance accounts.

16  
17 Col. 12 in Exhibit D, Tab 1, Appendix A, Schedule 2 shows the clearance unit rates by rate class  
18 related to the final disposition of remaining balances in the Customer-Related variance account.

19  
20 Enbridge Gas would like to point out that for customers taking service under Rate 125 (large  
21 power generating customers) the Company determined the final disposition of remaining balances  
22 on an account specific basis. In other words, the Company determined the amount of actual Cap

1 and Trade charges collected from each Rate 125 customer (inclusive of interim disposition in  
2 October 2018) and the actual cost of compliance for each Rate 125 customer. The Company used  
3 this approach because of the large remaining balances to be cleared to Rate 125 customers and  
4 because the consumption and load profile characteristics of these customers are intermittent/non-  
5 homogeneous reflecting the dispatch nature of power generating plants. Any remaining balance  
6 for each Rate 125 customer is shown in Schedule 9, Line Items 9.1 – 9.5, Col. 5. Aligned with the  
7 proposal for its other customers, Enbridge Gas is proposing to clear the final remaining balances  
8 for each Rate 125 customer shown in Schedule 9 as a one-time billing adjustment on customers’  
9 bills in October 2019.

10  
11 Exhibit D, Tab 1, Appendix A, Schedules 3 and 4 derive final clearance unit rates for disposition  
12 of Facility-Related balances and Exhibit D, Tab 1, Appendix A, Schedules 5 and 6 derive final  
13 clearance unit rates for disposition of GGEIDA balances.

14  
15 The layout of Exhibit D, Tab 1, Appendix A, Schedules 3 to 6, as well as, the determination of  
16 remaining balances and the derivation of final clearance unit rates is the same as described above  
17 for Customer-Related balances and unit rates in Schedules 1 and 2.

18  
19 **3. GENERAL SERVICE BILL IMPACTS**

20 For a typical residential customer in the EGD rate zone the impact of the proposed final  
21 disposition of Cap and Trade balances is approximately \$0.56 (refund) and for a typical  
22 commercial customer is approximately \$0.25 (refund).

- 1 As described above, Enbridge Gas proposes that the final disposition for the EGD rate zone be
- 2 administered to customers as a one-time billing adjustment on their October 2019 bills.

**SCHEDULE 1**

**SCHEDULE 1: CUSTOMER-RELATED ACTUAL VS FORECAST VOLUMES AND CREDIT/COLLECTION FOR OCTOBER 2018**

		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11
Line	Rate	October 2018 Net Volumes excluding LFE, Customer Abatement, Capped Participants and Other Exempt Gas Volumes			Variance Between Actual vs Collected Cost of CO <sub>2</sub> e Emissions from Interim October 2018 <sup>1</sup>						October 2018 Actual (Credit)/Collection <sup>2</sup>	True up Amounts between Forecast vs Actual (Credit)/Collection
		Forecast Volumes <sup>1</sup>	Actual Volumes	Variance between Actual vs Forecast Volumes	2017 Actual	Forecast Jan 1, 2018 to Jul 3, 2018	Forecast Jul 4, 2018 to Sep 30, 2018	Forecast Total Balance	Forecast Interest	Forecast Total Clearing		
		(10 <sup>3</sup> m <sup>3</sup> )	(10 <sup>3</sup> m <sup>3</sup> )	(Col. 2 - Col. 1) (10 <sup>3</sup> m <sup>3</sup> )	(\$)	(\$)	(\$)	(Col. 4 + Col. 5 + Col.6) (\$)	(\$)	(Col. 7 + Col. 8) (\$)	(\$)	(Col. 9 - Col. 10) (\$)
1.1	1	277,402	338,167	60,766	3,288,873	5,841,762	(9,852,670)	(722,034)	166,810	(555,224)	(765,432)	210,208
1.2	6	263,176	332,534	69,359	3,152,733	5,615,825	(9,912,244)	(1,143,687)	159,710	(983,977)	(1,177,549)	193,572
1.3	9	0	1	1	18	7	(17)	8	1	9	(3)	12
1.4	100	0	62	62	730	2,528	(24)	3,235	49	3,283	(233)	3,517
1.5	110	32,041	72,924	40,884	289,278	409,934	(2,701,372)	(2,002,159)	12,547	(1,989,612)	(2,107,766)	118,154
1.6	115	9,637	9,479	(157)	89,281	126,297	(835,862)	(620,285)	3,869	(616,415)	(690,774)	74,359
1.7a	125	40,743	1,557	(39,186)	66,545	153,060	(3,484,864)	(3,265,260)	1,375	(3,263,884)	(124,741)	(3,139,143)
1.7b	125D <sup>2</sup>	27,954	16,390	(11,563)	86,547	211,239	(2,887,759)	(2,589,974)	3,032	(2,586,942)	(1,516,824)	(1,070,117)
1.8	135	9,106	10,286	1,180	44,566	28,645	(883,795)	(810,584)	1,326	(809,258)	(882,873)	73,615
1.9	145	3,278	2,852	(426)	27,716	45,543	(187,952)	(114,693)	1,303	(113,390)	(93,303)	(20,088)
1.10	170	3,854	5,391	1,537	41,958	52,963	(321,081)	(226,159)	1,816	(224,343)	(187,975)	(36,368)
1.11	200	10,932	0	(10,932)	0	0	0	0	0	0	0	0
1.12	300	64	11	(53)	310	541	(1,852)	(1,001)	15	(986)	(163)	(823)
1	Total Customer-Related	678,187	789,656	111,469	7,088,555	12,488,345	(31,069,493)	(11,492,593)	351,852	(11,140,740)	(7,547,637)	(3,593,103)

Notes:

(1) The shaded columns represent interim October 2018 (EB-2018-0249, Exhibit Q4-2, Tab 5, Schedule 1, Appendix A).

(2) EB-2018-0331, Exhibit B, Tab 1, Table 13.

**SCHEDULE 2**

**SCHEDULE 2: CUSTOMER-RELATED FINAL CLEARANCE UNIT RATES**

		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Col. 12
Line	Rate	Final Variances Between Actual vs Collected Cost of CO <sub>2</sub> e Emissions <sup>1</sup>				Interim Forecast Balance <sup>2</sup>	Difference between Interim Balance vs Final Balance	True up Amounts between Forecast vs Actual October 2018 (Credit)/Collection <sup>3</sup>	Final Remaining Balance to be Cleared	Interest <sup>1</sup>	Total Remaining Balance to be Cleared	2018 Actual Volume excluding LFE, Customer Abatement, Capped Participants and Other Exempt Gas Volumes	Unit Rate
		2017	Jan 1, 2018 to Jul 3, 2018	Jul 4, 2018 to Sep 30, 2018	Final Balance (2017 to Sep 30, 2018)								
		(Col. 1 + Col. 2 + Col. 3)											
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(10 <sup>3</sup> m <sup>3</sup> )	(¢/m <sup>3</sup> )
1.1	1	3,447,771	5,953,125	(11,448,865)	(2,047,969)	(555,224)	(1,492,745)	210,208	(1,282,537)	167,534	(1,115,003)	5,146,318	(0.0217)
1.2	6	3,305,182	5,742,752	(10,907,712)	(1,859,778)	(983,977)	(875,801)	193,572	(682,229)	162,617	(519,612)	4,986,019	(0.0104)
1.3	9	19	4	(104)	(81)	9	(90)	12	(78)	(0)	(79)	12	(0.6322)
1.4	100	986	2,800	(192)	3,595	3,283	311	3,517	3,828	129	3,957	2,063	0.1918
1.5	110	303,267	420,923	(2,608,097)	(1,883,907)	(1,989,612)	105,705	118,154	223,859	(18,380)	205,478	422,585	0.0486
1.6	115	93,598	121,379	(945,253)	(730,276)	(616,415)	(113,861)	74,359	(39,502)	(8,566)	(48,067)	130,358	(0.0369)
1.7a	125	69,763	158,233	(3,289,305)	(3,061,309)	(3,263,884)	202,575	(3,139,143)	(2,936,568)	(55,308)	(2,991,877)	N/A	N/A
1.7b	125D <sup>8</sup>	90,732	219,041	(3,356,306)	(3,046,533)	(2,586,942)	(459,591)	(1,070,117)	(1,529,709)	(53,760)	(1,583,469)	N/A	N/A
1.8	135	46,721	30,430	(827,233)	(750,082)	(809,258)	59,176	73,615	132,792	(11,770)	121,022	62,615	0.1933
1.9	145	29,056	47,060	(148,470)	(72,353)	(113,390)	41,037	(20,088)	20,949	341	21,290	38,182	0.0558
1.10	170	43,987	54,184	(507,421)	(409,250)	(224,343)	(184,907)	(36,368)	(221,275)	(5,309)	(226,584)	49,481	(0.4579)
1.11	200	0	0	0	0	0	0	0	0	0	0	0	0.0000
1.12	300	325	568	(2,964)	(2,071)	(986)	(1,085)	(823)	(1,907)	(21)	(1,928)	418	(0.4609)
1	Total Customer- Related	7,431,407	12,750,501	(34,041,922)	(13,860,014)	(11,140,740)	(2,719,274)	(3,593,103)	(6,312,377)	177,505	(6,134,872)	10,838,051	

Notes:

(1) EB-2018-0331, Exhibit B, Tab 1, Table 13.

(2) The shaded columns represent interim October 2018 (EB-2018-0249, Exhibit Q4-2, Tab 5, Schedule 1, Appendix A).

(3) EB-2018-0331, Exhibit D, Tab 1, Appendix A, Schedule 1, Col. 11.

**SCHEDULE 3**

**SCHEDULE 3: FACILITY-RELATED ACTUAL VS FORECAST VOLUMES AND CREDIT/COLLECTION FOR OCTOBER 2018**

		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11
Line	Rate	October 2018 Forecast Volumes <sup>1</sup>	October 2018 Actual Volumes	Variance between Actual vs Forecast Volumes	Variance Between Actual vs Collected Cost of CO <sub>2</sub> e Emissions from Interim October 2018 <sup>1</sup>						October 2018 Actual (Credit)/Collection <sup>2</sup>	True up Amounts between Forecast vs Actual (Credit)/Collection
					2017 Actual	Forecast Jan 1, 2018 to Jul 3, 2018	Forecast Jul 4, 2018 to Sep 30, 2018	Forecast Total Balance	Forecast Interest	Forecast Total Clearing		
		(10 <sup>3</sup> m <sup>3</sup> )	(10 <sup>3</sup> m <sup>3</sup> )	(Col. 2 - Col. 1) (10 <sup>3</sup> m <sup>3</sup> )	(\$)	(\$)	(\$)	(Col. 4 + Col. 5 + Col.6) (\$)	(\$)	(Col. 7 + Col. 8) (\$)	(\$)	(Col. 9 - Col. 10) (\$)
1.1	1	277,409	338,177	60,768	(438,946)	439,276	(100,142)	(99,812)	(13,283)	(113,094)	(138,101)	25,007
1.2	6	273,246	344,817	71,571	(476,162)	417,944	(106,258)	(164,476)	(14,886)	(179,362)	(228,351)	48,989
1.3	9	0	1	1	(3)	1	(0)	(2)	(0)	(2)	(1)	(2)
1.4	100	0	63	63	(112)	184	(1)	70	(3)	68	(41)	109
1.5	110	61,762	106,187	44,425	(78,170)	59,477	(50,441)	(69,134)	(2,541)	(71,675)	(78,364)	6,689
1.6	115	44,329	40,180	(4,149)	(50,267)	34,124	(41,307)	(57,450)	(1,674)	(59,124)	(55,565)	(3,559)
1.7a	125	40,743	1,557	(39,186)	(9,319)	12,485	(30,428)	(27,262)	(276)	(27,537)	(1,053)	(26,485)
1.7b	125D <sup>8</sup>	27,954	16,390	(11,563)	(436)	(390)	(1,610)	(2,436)	(21)	(2,457)	(1,442)	(1,015)
1.8	135	9,106	10,286	1,180	(6,536)	2,061	(8,982)	(13,457)	(240)	(13,696)	(14,850)	1,153
1.9	145	3,412	2,893	(519)	(4,543)	3,581	(2,513)	(3,475)	(146)	(3,621)	(2,913)	(709)
1.10	170	18,771	24,199	5,428	(30,358)	23,676	(25,366)	(32,048)	(986)	(33,034)	(41,118)	8,083
1.11	200	10,932	13,461	2,529	(17,166)	14,077	(5,776)	(8,865)	(546)	(9,411)	(11,590)	2,179
1.12	300	64	11	(53)	(43)	44	(16)	(15)	(1)	(17)	(2)	(14)
1.13	315	-	11	11	0	0	0	0	0	0	0	0
1.14	325	-	0	0	0	0	0	0	0	0	0	0
1.15	332	-	0	0	0	0	0	0	0	0	0	0
1	Total Facility- Related	767,728	898,232	130,505	(1,112,061)	1,006,540	(372,841)	(478,361)	(34,604)	(512,966)	(573,390)	60,425

Notes:

(1) The shaded columns represent interim October 2018 (EB-2018-0249, Exhibit Q4-2, Tab 5, Schedule 1, Appendix A).

(2) EB-2018-0331, Exhibit B, Tab 1, Table 14.

SCHEDULE 4

SCHEDULE 4: FACILITY-RELATED FINAL CLEARANCE UNIT RATES

		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Col. 12
Line	Rate	Final Variances Between Actual vs Collected Cost of CO <sub>2</sub> e Emissions <sup>1</sup>				Interim Forecast Balance <sup>2</sup>	Difference between Interim Balance vs Final Balance	True up Amounts between Forecast vs Actual October 2018 (Credit)/Collection <sup>3</sup>	Final Remaining Balance to be Cleared	Interest <sup>1</sup>	Total Remaining Balance to be Cleared	2018 Actual Volumes	Unit Rate
		2017	Jan 1, 2018 to Jul 3, 2018	Jul 4, 2018 to Sep 30, 2018	Final Balance (2017 to Sep 30, 2018)								
		(\$)	(\$)	(\$)	(Col. 1 + Col. 2 + Col. 3) (\$)		(Col. 4 - Col. 5) (\$)	(\$)	(Col. 6 + Col. 7) (\$)	(\$)	(Col. 8 + Col. 9)	(10 <sup>3</sup> m <sup>3</sup> )	(Col. 10 / Col. 11) (¢/m <sup>3</sup> )
1.1	1	(442,512)	953,840	(100,034)	411,294	(113,094)	524,388	25,007	549,395	(1,400)	547,995	5,146,724	0.0106
1.2	6	(479,698)	930,415	(116,541)	334,175	(179,362)	513,537	48,989	562,527	(5,941)	556,586	5,157,630	0.0108
1.3	9	(3)	1	(1)	(3)	(2)	(1)	(2)	(3)	(0)	(3)	12	(0.0221)
1.4	100	(145)	442	(3)	294	68	226	109	335	6	341	2,077	0.0164
1.5	110	(78,749)	133,731	(54,734)	249	(71,675)	71,924	6,689	78,613	(3,138)	75,475	842,917	0.0090
1.6	115	(50,638)	75,799	(38,979)	(13,819)	(59,124)	45,305	(3,559)	41,746	(2,571)	39,175	498,668	0.0079
1.7a	125	(9,391)	26,184	(28,566)	(11,773)	(27,537)	15,764	(26,485)	(10,720)	(842)	(11,562)	N/A	N/A
1.7b	125D <sup>s</sup>	(436)	(345)	(1,821)	(2,601)	(2,457)	(144)	(1,015)	(1,159)	(120)	(1,280)	N/A	N/A
1.8	135	(6,584)	4,773	(8,402)	(10,213)	(13,696)	3,484	1,153	4,637	(668)	3,969	62,615	0.0063
1.9	145	(4,577)	8,105	(1,898)	1,631	(3,621)	5,252	(709)	4,543	(118)	4,425	41,952	0.0105
1.10	170	(30,583)	53,013	(25,891)	(3,461)	(33,034)	29,574	8,083	37,657	(1,360)	36,297	328,399	0.0111
1.11	200	(17,293)	31,475	(6,380)	7,802	(9,411)	17,213	2,179	19,392	(382)	19,010	184,384	0.0103
1.12	300	(44)	94	(26)	25	(17)	42	(14)	27	(1)	26	418	0.0063
1.13	315	(47)	(5)	(5)	(57)	0	(57)	0	(57)	(4)	(61)	431	(0.0142)
1.14	325	(114)	(3,469)	(6,497)	(10,080)	0	(10,080)	0	(10,080)	(404)	(10,484)	268,969	(0.0039)
1.15	332	(8,781)	(6,665)	(0)	(15,446)	0	(15,446)	0	(15,446)	(963)	(16,409)	3,354,170	(0.0005)
1	Total Facility- Related	(1,129,595)	2,207,388	(389,777)	688,016	(512,966)	1,200,981	60,425	1,261,406	(17,905)	1,243,501	15,889,368	

Notes:  
(1) EB-2018-0331, Exhibit B, Tab 1, Table 14.  
(2) The shaded columns represent interim October 2018 (EB-2018-0249, Exhibit Q4-2, Tab 5, Schedule 1, Appendix A).  
(3) EB-2018-0331, Exhibit D, Tab 1, Appendix A, Schedule 3, Col. 11.

**SCHEDULE 5**

**SCHEDULE 5: GREENHOUSE GAS EMISSIONS IMPACT DEFERRAL ACCOUNT (GGEIDA) ACTUAL VS FORECAST VOLUMES AND CREDIT/COLLECTION FOR OCTOBER 2018**

		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Col. 12
Line	Rate	October 2018 Forecast Volumes <sup>1</sup>	October 2018 Actual Volumes	Variance between Actual vs Forecast Volumes	Variance Between Actual vs Collected Cost of CO <sub>2</sub> e Emissions from Interim October 2018 <sup>1</sup>							October 2018 Actual (Credit)/Collection <sup>2</sup>	True up Amounts between Forecast vs Actual (Credit)/Collection
					2016 Actual	2017 Actual	Forecast Jan 1, 2018 to Jul 3, 2018	Forecast Jul 4, 2018 to Sep 30, 2018	Forecast Total Balance	Forecast Interest	Forecast Total Clearing		
		(10 <sup>3</sup> m <sup>3</sup> )	(10 <sup>3</sup> m <sup>3</sup> )	(Col. 2 - Col. 1) (10 <sup>3</sup> m <sup>3</sup> )	(\$)	(\$)	(\$)	(\$)	(Col. 4 + Col. 5 + Col.6) (\$)	(\$)	(Col. 7 + Col. 8) (\$)	(\$)	(Col. 9 - Col. 10) (\$)
1.1	1	277,409	338,177	60,768	776,305	2,100,492	1,364,192	286,279	4,527,269	73,562	4,600,830	5,595,318	(994,487)
1.2	6	273,246	344,817	71,571	63,876	172,834	112,249	23,556	372,515	6,053	378,568	483,817	(105,249)
1.3	9	0	1	1	0	0	0	0	0	0	0	1	(1)
1.4	100	0	63	63	0	0	0	0	0	0	0	164	(164)
1.5	110	61,762	106,187	44,425	102	275	179	38	594	10	603	684	(81)
1.6	115	44,329	40,180	(4,149)	10	28	18	4	60	1	61	42	20
1.7a	125	40,743	1,557	(39,186)	1	2	1	0	4	0	5	0	5
1.7b	125D <sup>8</sup>	27,954	16,390	(11,563)	1	2	1	0	4	0	5	0	5
1.8	135	9,106	10,286	1,180	17	45	29	6	96	2	98	108	(10)
1.9	145	3,412	2,893	(519)	14	37	24	5	81	1	82	66	16
1.10	170	18,771	24,199	5,428	10	26	17	4	56	1	57	67	(10)
1.11	200	10,932	13,461	2,529	0	1	1	0	2	0	2	0	2
1.12	300	64	11	(53)	0	1	1	0	2	0	2	0	2
1.13	315	-	11	11	-	-	-	-	-	-	-	0	0
1.14	325	-	0	0	-	-	-	-	-	-	-	0	0
1.15	332	-	0	0	-	-	-	-	-	-	-	0	0
1	Total GGEIDA	767,728	898,232	130,505	840,336	2,273,744	1,476,712	309,892	4,900,684	79,629	4,980,313	6,080,266	(1,099,953)

Notes:

(1) The shaded columns represent interim October 2018 (EB-2018-0249, Exhibit Q4-2, Tab 5, Schedule 1, Appendix A).

(2) EB-2018-0331, Exhibit B, Tab 1, Table 3.

SCHEDULE 6

SCHEDULE 6: GREENHOUSE GAS EMISSIONS IMPACT DEFERRAL ACCOUNT (GGEIDA) FINAL CLEARANCE UNIT RATES

		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Col. 12	Col. 13
Line	Rate	2018 Number of Customers	Final GGEIDA Balance <sup>1</sup>				Interim Forecast Balance <sup>2</sup>	Difference between Interim Balance vs Final Balance	True up Amounts between Forecast vs Actual October 2018 (Credit)/Collection <sup>3</sup>	Final Remaining Balance to be Cleared	Interest <sup>1</sup>	Total Remaining Balance to be Cleared	2018 Actual Volumes	Unit Rate
			2016	2017	2018	Final Balance (2016 to 2018)								
(Col. 2 + Col. 3 + Col. 4)								(Col. 5 - Col. 6)	(Col. 7 + Col. 8)		(Col. 8 + Col. 9)		(Col. 11 / Col. 12)	
1.1	1	2,020,929	776,305	2,100,492	2,018,934	4,895,731	4,600,830	294,901	(994,487)	(699,586)	70,329	(629,257)	5,146,724	(0.0122)
1.2	6	166,287	63,876	172,834	166,123	402,833	378,568	24,265	(105,249)	(80,984)	5,787	(75,197)	5,157,630	(0.0015)
1.3	9	0	0	0	0	0	0	0	(1)	(1)	0	(1)	12	(0.0093)
1.4	100	0	0	0	0	0	0	0	(164)	(164)	0	(164)	2,077	(0.0079)
1.5	110	265	102	275	265	642	603	39	(81)	(42)	9	(33)	842,917	(0.0000)
1.6	115	27	10	28	27	65	61	4	20	24	1	25	498,668	0.0000
1.7a	125	2	1	2	2	5	5	0	5	5	0	5	N/A	N/A
1.7b	125D <sup>3</sup>	2	1	2	2	5	5	0	5	5	0	5	N/A	N/A
1.8	135	43	17	45	43	104	98	6	(10)	(3)	1	(2)	62,615	(0.0000)
1.9	145	36	14	37	36	87	82	5	16	21	1	23	41,952	0.0001
1.10	170	25	10	26	25	61	57	4	(10)	(7)	1	(6)	328,399	(0.0000)
1.11	200	1	0	1	1	2	2	0	2	2	0	2	184,384	0.0000
1.12	300	1	0	1	1	2	2	0	2	2	0	2	418	0.0006
1.13	315	1	0	0	0	0	0	0	0	0	0	0	431	0.0000
1.14	325	1	0	0	0	0	0	0	0	0	0	0	268,969	0.0000
1.15	332	1	0	0	0	0	0	0	0	0	0	0	3,354,170	0.0000
1	Total GGEIDA	2,187,621	840,336	2,273,744	2,185,458	5,299,538	4,980,313	319,225	(1,099,953)	(780,728)	76,130	(704,598)	15,889,368	

Notes:  
(1) EB-2018-0331, Exhibit B, Tab 1, Table 3  
(2) The shaded columns represent interim October 2018 (EB-2018-0249, Exhibit Q4-2, Tab 5, Schedule 1, Appendix A).  
(3) EB-2018-0331, Exhibit D, Tab 1, Appendix A, Schedule 5, Col. 12.

## SCHEDULE 7

### SCHEDULE 7: CAP AND TRADE FINAL CLEARANCE UNIT RATE SUMMARY BY RATE CLASS

The following adjustment is applicable to consumption volumes for the period January 1, 2018 to December 31, 2018.

Rate Class	Non-Large Final Emitter (¢/m <sup>3</sup> )	Large Final Emitter <sup>1</sup> (¢/m <sup>3</sup> )
Rate 1	(0.0232)	(0.0016)
Rate 6	(0.0011)	0.0093
Rate 9	(0.6636)	(0.0314)
Rate 100	0.2003	0.0085
Rate 110	0.0576	0.0090
Rate 115	(0.0290)	0.0079
Rate 125	N/A	N/A
Rate 125 Dedicated	N/A	N/A
Rate 135	0.1996	0.0063
Rate 145	0.0664	0.0106
Rate 170	(0.4469)	0.0111
Rate 200	0.0103	0.0103
Rate 300	(0.4540)	0.0069
Rate 300 Interruptible	(0.4540)	0.0069
Rate 315	(0.0142)	(0.0142)
Rate 325	(0.0039)	(0.0039)
Rate 332	(0.0005)	(0.0005)

(1) Includes Voluntary Participants and Other Exempt Gas Volumes

**SCHEDULE 8**

**SCHEDULE 8: CAP AND TRADE FINAL CLEARANCE UNIT RATE BREAKDOWN BY RATE CLASS**

The following adjustment is applicable to consumption volumes for the period January 1, 2018 to December 31, 2018.

Rate Class		Non-Large Final Emitter (¢/m <sup>3</sup> )	Large Final Emitter <sup>1</sup> (¢/m <sup>3</sup> )
Rate 1	Customer-Related	(0.0217)	
	Facility-Related	0.0106	0.0106
	<u>GGEIDA</u>	<u>(0.0122)</u>	<u>(0.0122)</u>
	Total	(0.0232)	(0.0016)
Rate 6	Customer-Related	(0.0104)	
	Facility-Related	0.0108	0.0108
	<u>GGEIDA</u>	<u>(0.0015)</u>	<u>(0.0015)</u>
	Total	(0.0011)	0.0093
Rate 9	Customer-Related	(0.6322)	
	Facility-Related	(0.0221)	(0.0221)
	<u>GGEIDA</u>	<u>(0.0093)</u>	<u>(0.0093)</u>
	Total	(0.6636)	(0.0314)
Rate 100	Customer-Related	0.1918	
	Facility-Related	0.0164	0.0164
	<u>GGEIDA</u>	<u>(0.0079)</u>	<u>(0.0079)</u>
	Total	0.2003	0.0085
Rate 110	Customer-Related	0.0486	
	Facility-Related	0.0090	0.0090
	<u>GGEIDA</u>	<u>(0.0000)</u>	<u>(0.0000)</u>
	Total	0.0576	0.0090

Rate Class		Non-Large Final Emitter (¢/m <sup>3</sup> )	Large Final Emitter <sup>1</sup> (¢/m <sup>3</sup> )
Rate 115	Customer-Related	(0.0369)	
	Facility-Related	0.0079	0.0079
	<u>GGEIDA</u>	<u>0.0000</u>	<u>0.0000</u>
	Total	(0.0290)	0.0079
Rate 125	Customer-Related	N/A	
	Facility-Related	N/A	N/A
	<u>GGEIDA</u>	<u>N/A</u>	<u>N/A</u>
	Total	0.0000	0.0000
Rate 125 Dedicated	Customer-Related	N/A	
	Facility-Related	N/A	N/A
	<u>GGEIDA</u>	<u>N/A</u>	<u>N/A</u>
	Total	0.0000	0.0000
Rate 135	Customer-Related	0.1933	
	Facility-Related	0.0063	0.0063
	<u>GGEIDA</u>	<u>(0.0000)</u>	<u>(0.0000)</u>
	Total	0.1996	0.0063
Rate 145	Customer-Related	0.0558	
	Facility-Related	0.0105	0.0105
	<u>GGEIDA</u>	<u>0.0001</u>	<u>0.0001</u>
	Total	0.0664	0.0106
Rate 170	Customer-Related	(0.4579)	
	Facility-Related	0.0111	0.0111
	<u>GGEIDA</u>	<u>(0.0000)</u>	<u>(0.0000)</u>
	Total	(0.4469)	0.0111

Rate Class		Non-Large Final Emitter (¢/m <sup>3</sup> )	Large Final Emitter <sup>1</sup> (¢/m <sup>3</sup> )
Rate 200	Customer-Related	0.0000	
	Facility-Related	0.0103	0.0103
	<u>GGEIDA</u>	<u>0.0000</u>	<u>0.0000</u>
	Total	0.0103	0.0103
Rate 300	Customer-Related	(0.4609)	
	Facility-Related	0.0063	0.0063
	<u>GGEIDA</u>	<u>0.0006</u>	<u>0.0006</u>
	Total	(0.4540)	0.0069
Rate 300 Interruptible	Customer-Related	(0.4609)	
	Facility-Related	0.0063	0.0063
	<u>GGEIDA</u>	<u>0.0006</u>	<u>0.0006</u>
	Total	(0.4540)	0.0069
Rate 315	Customer-Related	0.0000	
	Facility-Related	(0.0142)	(0.0142)
	<u>GGEIDA</u>	<u>0.0000</u>	<u>0.0000</u>
	Total	(0.0142)	(0.0142)
Rate 325	Customer-Related	0.0000	
	Facility-Related	(0.0039)	(0.0039)
	<u>GGEIDA</u>	<u>0.0000</u>	<u>0.0000</u>
	Total	(0.0039)	(0.0039)
Rate 332	Customer-Related	0.0000	
	Facility-Related	(0.0005)	(0.0005)
	<u>GGEIDA</u>	<u>0.0000</u>	<u>0.0000</u>
	Total	(0.0005)	(0.0005)

(1) Includes Voluntary Participants and Other Exempt Gas Volumes

**SCHEDULE 9**

**SCHEDULE 9: TOTAL REMAINING BALANCES TO BE CLEARED TO RATE 125 CUSTOMERS**

		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	
Line	Applicable Period	Final Variances Between Actual vs Collected Cost of CO2e Emissions						
		Customer Related		Facility Related		Total		
		125	125D	125	125D	125	125D	
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	
1	2017	69,763	90,732	(9,490)	(436)	60,273	90,296	(1)
2	Jan 1 - Jul 3, 2018	158,233	219,041	26,184	(345)	184,417	218,696	(1)
3	Jul 4 - Sep 30, 2018	(3,289,305)	(3,356,306)	(28,748)	(1,821)	(3,318,054)	(3,358,127)	(1)
	Total							
4	(2017 to Sep 30, 2018)	(3,061,309)	(3,046,533)	(12,054)	(2,601)	(3,073,364)	(3,049,134)	(2)
		October 2018 Actual (Credit)/Collection						
5	October 2018	(124,741)	(1,516,824)	(1,053)	(1,442)	(125,794)	(1,518,267)	(3)
		Final Remaining Balance to be Clear						
6		(2,936,568)	(1,529,709)	(11,002)	(1,159)	(2,947,570)	(1,530,868)	(4)
		Interest						
7	2017 - Sep 30, 2019	(55,308)	(53,760)	(842)	(120)	(56,150)	(53,881)	(5)
		Total Remaining Balance to be Cleared						
8		(2,991,877)	(1,583,469)	(11,843)	(1,280)	(3,003,720)	(1,584,748)	(6)

Notes:

(1) Calculations are based on customers' actual consumptions and the cap and trade unit rates.

(2) Line 1 + Line 2 + Line 3.

(3) EB-2018-0331, Exhibit D, Tab 1, Appendix A, Schedule 1, Col. 10 for Customer-related and Schedule 3, Col. 10 for Facility-related.

(4) Line 4 - Line 5.

(5) EB-2018-0331, Exhibit D, Tab 1, Appendix A, Schedule 2, Col. 9 for Customer-related and Schedule 4, Col. 9 for Facility-related.

(6) Line 6 + Line 7

**SCHEDULE 9 (CONT'D)**

**SCHEDULE 9: TOTAL REMAINING BALANCES TO BE CLEARED TO RATE 125 CUSTOMERS**

Line	Rate	Customer	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5
			Final Remaining Balance to be Cleared <sup>1</sup>			Interest <sup>2</sup>	Total Remaining Balance to be Cleared
			Customer-related	Facility-related	Total		
			(\$)	(\$)	(\$)		
					(Col. 1 + Col. 2)		(Col. 3 + Col. 4)
9.1	125	A	(\$2,936,623)	(\$10,994)	(\$2,947,618)	(56,150)	(\$3,003,768)
9.2	125	B	\$55	(\$8)	\$48	0	\$48
9.3	125	C	(\$1,168,996)	(\$900)	(\$1,169,895)	(37,730)	(\$1,207,625)
9.4	125	D	(\$311,053)	(\$189)	(\$311,242)	(15,119)	(\$326,360)
9.5	125	E	(\$49,658)	(\$72)	(\$49,730)	(1,032)	(\$50,762)
9	Total		(\$4,466,274)	(\$12,163)	(\$4,478,437)	(\$110,031)	(\$4,588,467)

Notes:

(1) Calculations are based on customers' actual consumptions and the cap and trade unit rates.

(2) Total customer-related and facility-related interest amounts for Rate 125 from EB-2018-0331, Exhibit D, Tab 1, Appendix A, Schedule 2, Col. 9 and Schedule 4, Col. 9.

**2016-2018 CAP-AND-TRADE DEFERRAL AND VARIANCE ACCOUNT DISPOSITION:**

**COST RECOVERY -**

***UNION RATE ZONES***

The purpose of this evidence is to address the proposed allocation and disposition of the 2016-2018 Cap-and-Trade-related deferral account balances for the Union rate zones identified at Exhibit B, Tab 2, Table 1.

This section of evidence is organized as follows:

1. Cap-and-Trade-Related Deferral Accounts
2. Allocation of Account Balances
3. Disposition of Account Balances
4. General Service Bill Impacts

**1. CAP-AND-TRADE-RELATED DEFERRAL ACCOUNTS**

The Cap-and-Trade deferral accounts related to the Union rate zones include the Greenhouse Gas Emissions Impact Deferral Account (Account No. 179-152); Greenhouse Gas Emissions Compliance Obligation – Customer-Related Deferral Account (Account No. 179-154) and Greenhouse Gas Emissions Compliance Obligation – Facility-Related Deferral Account (Account No. 179-155). A description of each deferral account is provided at Exhibit B, Tab 2. A summary of each balance by rate class is provided at Exhibit D, Tab 2, Schedule 1.

1    **2. ALLOCATION OF ACCOUNT BALANCES**

2    **Greenhouse Gas Emissions Impact Deferral Account**

3    Enbridge Gas proposes to allocate the 2016-2018 administration costs recorded in the Union  
4    GGEIDA, including deferral interest, to rate classes in proportion to the 2013 OEB-approved  
5    Administrative and General O&M Expense.<sup>1</sup> This allocation is consistent with the Framework  
6    that determined that the administration costs of the Cap-and-Trade program will be allocated  
7    and recovered from all customers in the same manner as existing administration costs.<sup>2</sup>

8  
9    To determine the final deferral account balance by rate class, Enbridge Gas reduced the  
10   administration costs by the interim disposition amount for each rate class to account for the  
11   costs that were recovered on an interim basis as part of the October 1, 2018 QRAM application  
12   (EB-2018-0253). The interim disposition amount for 2016-2018 was derived based on the  
13   actual billed volumes and the unit rates for each time period as provided in Union's October 1,  
14   2018 QRAM application.

15  
16   The allocation of the Union GGEIDA by rate class for each year is provided at Exhibit D, Tab  
17   2, Schedule 2.

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<sup>1</sup> EB-2010-0210, Exhibit G3, Tab 2, Schedule 2, updated for the EB-2010-0210 OEB Decision.

<sup>2</sup> EB-2015-0363, Framework, p. 30.

1 Greenhouse Gas Emissions Compliance Obligation – Customer-Related Deferral Account

2 The GGECO – Customer-Related deferral account balance has been separated into three time  
3 periods: (i) 2017; (ii) January 1, 2018 to July 3, 2018; and (iii) July 4, 2018 to September 30,  
4 2018. The first two periods represent the annual activity to comply with the Cap-and-Trade  
5 program. The last period represents the collection from customers of the Cap-and-Trade  
6 customer-related charges following the effective date of the Revocation Regulation on July 4,  
7 2018 until the Cap-and-Trade charges were eliminated from rates on September 30, 2018.

8  
9 For each of the three time periods, Enbridge Gas has provided the deferral account balance before  
10 interim disposition, which includes the total obligation cost variance plus deferral interest. The  
11 allocation of the obligation cost variance is based on the total obligation cost allocated in  
12 proportion to the actual billed volumes for each time period excluding the amount collected in  
13 rates, which is based on actual recovery by rate class. The deferral interest is allocated in  
14 proportion to the total obligation cost variance. These proposed allocation methodologies are  
15 consistent with the actual obligation costs and the billed Cap-and-Trade customer-related charges  
16 that underpin the deferral account.

17  
18 To determine the final deferral account balance allocation, Enbridge Gas has reduced the deferral  
19 balance before interim disposition, as described above, by the interim disposition amount by rate  
20 class recovered as part of Union's October 1, 2018 QRAM application.

1 The allocation of the GGECO – Customer-Related deferral account to rate classes is provided at  
2 Exhibit D, Tab 2, Schedule 3.

3  
4 Greenhouse Gas Emissions Compliance Obligation – Facility-Related Deferral Account

5 The GGECO – Facility-Related deferral account balance has been separated into three time  
6 periods: (i) 2017; (ii) January 1, 2018 to July 3, 2018; and (iii) July 4, 2018 to September 30,  
7 2018. Consistent with the GGECO-Customer-Related account, the first two periods represent the  
8 annual activity to comply with the Cap-and-Trade program and the last period represents the  
9 collection from customers of the Cap-and-Trade facility-related charges following the effective  
10 date of the Revocation Regulation on July 4, 2018 until the Cap-and-Trade charges were  
11 eliminated from rates on September 30, 2018.

12  
13 For each of the three time periods, Enbridge Gas has provided the deferral account balance before  
14 interim disposition, which includes the total obligation cost variance plus deferral interest. The  
15 allocation of the obligation cost variance is based on the total obligation cost allocated in  
16 proportion to the actual billed volumes for each time period excluding the amount collected in  
17 rates, which is based on actual recovery by rate class. The deferral interest is allocated in  
18 proportion to the total obligation cost variance. These proposed allocation methodologies are  
19 consistent with the actual obligation costs and the billed Cap-and-Trade facility-related charges  
20 that underpin the deferral account.

1 To determine the final deferral account balance allocation, Enbridge Gas has reduced the deferral  
2 balance before interim disposition, as described above, by the interim disposition amount by rate  
3 class recovered as part of Union's October 1, 2018 QRAM application.

4  
5 The allocation GGECO – Facility-Related deferral account to rate classes by component is  
6 provided at Exhibit D, Tab 2, Schedule 4.

7  
8 **3. DISPOSITION OF ACCOUNT BALANCES**

9 Enbridge Gas proposes to dispose of the final balances in each deferral account balance in a  
10 manner consistent with the interim disposition for the Union rate zones.

11  
12 For general service Rate M1, Rate M2, Rate 01 and Rate 10 customers, Enbridge Gas proposes to  
13 dispose of the final Cap-and-Trade deferral and variance account balances over a three-month  
14 period beginning with the QRAM following OEB approval. For purposes of calculating unit rates  
15 for disposition and bill impacts, Enbridge Gas has assumed a three-month disposition period  
16 beginning with the October 1, 2019 QRAM.

17  
18 For in-franchise contract and ex-franchise rate classes, Enbridge Gas will dispose of the final  
19 Cap-and-Trade deferral and variance account balances as a one-time adjustment with the monthly  
20 bill that corresponds with the timing of the QRAM following OEB approval (i.e. October bills  
21 customers receive in November for an October 1, 2019 QRAM disposition period). The one-time  
22 adjustment disposition is consistent with how Union disposed of the interim disposition amount

1 with the October 1, 2018 QRAM.

2  
3 The proposed unit rates for disposition for the Union rate zones' general service rate classes and  
4 the one-time adjustment balances and unit rates for in-franchise contract and ex-franchise rate  
5 classes are provided at Exhibit D, Tab 2, Schedule 5.

6  
7 Enbridge Gas proposes to record any recovery variance associated with the prospective recovery  
8 of final Cap-and-Trade deferral and variance account balances from general service rate classes in  
9 the Deferral Clearing Variance Account (Account No. 179-132) consistent with the recovery  
10 variance treatment of non-commodity deferral account variances for the Union rate zones.

11  
12 **4. GENERAL SERVICE BILL IMPACTS**

13 General service bill impacts for the Union rate zones resulting from the final deferral account  
14 balances are presented at Exhibit D, Tab 2, Schedule 6. For a Rate M1 sales service or bundled  
15 direct purchase residential customer in Union South rate zone with annual consumption of 2,200  
16 m<sup>3</sup>, the bill impact for the period October 1, 2019 to December 31, 2019 is an increase of \$0.38.

17  
18 For a Rate 01 sales service or bundled direct purchase residential customer in Union North rate  
19 zone with annual consumption of 2,200 m<sup>3</sup>, the bill impact for the period October 1, 2019 to  
20 December 31, 2019 is a decrease of \$0.18.

UNION RATE ZONES  
Summary of Allocation of Cap-and-Trade Deferral Accounts

Line No.	Particulars (\$000's)	Greenhouse Gas Emissions Impact Deferral Account 179-152 (1) (a)	Greenhouse Gas Emissions Compliance Obligation Customer-Related Deferral Account 179-154 (2) (b)	Greenhouse Gas Emissions Compliance Obligation Facility-Related Deferral Account 179-155 (3) (c)	Total (d) = (a+b+c)
	<u>Union South In-Franchise</u>				
1	Rate M1	(120)	700	50	630
2	Rate M2	(8)	254	11	257
3	Rate M4	13	24	(1)	36
4	Rate M5	16	1	(0)	16
5	Rate M7	4	1	(1)	3
6	Rate M9	1	-	(0)	1
7	Rate M10	0	-	0	0
8	Rate T1	9	2	2	13
9	Rate T2	26	20	22	68
10	Rate T3	3	-	0	3
11	Total South In-Franchise	<u>(56)</u>	<u>1,001</u>	<u>82</u>	<u>1,027</u>
	<u>Union North In-Franchise</u>				
12	Rate 01	(85)	(52)	39	(99)
13	Rate 10	4	199	6	209
14	Rate 20	15	4	3	23
15	Rate 25	8	1	1	10
16	Rate 100	5	5	12	21
17	Total North In-Franchise	<u>(54)</u>	<u>157</u>	<u>62</u>	<u>165</u>
	<u>Ex-Franchise</u>				
18	Rate M12	69	-	(26)	43
19	Rate M13	0	-	1	1
20	Rate M16	0	-	1	1
21	Rate C1	1	-	69	71
22	Excess Utility Storage Space	-	-	-	-
23	Total Ex-Franchise	<u>71</u>	<u>-</u>	<u>44</u>	<u>115</u>
24	Total In-Franchise & Ex-Franchise	<u>(40)</u>	<u>1,158</u>	<u>188</u>	<u>1,307</u>

Notes:

- (1) Exhibit D, Tab 2, Schedule 2, p. 1, column (f).  
(2) Exhibit D, Tab 2, Schedule 3, p. 1, column (f).  
(3) Exhibit D, Tab 2, Schedule 4, p. 1, column (f).

UNION RATE ZONES  
Allocation of Greenhouse Gas Emissions Impact Deferral Account (179-152)

Line No.	Particulars (\$000's)	Deferral Balance before Interim Disposition				Interim Disposition Amount (4)	Final Deferral Balance (f) = (d-e)
		2016 (1)	2017 (2)	2018 (3)	Total (d) = (a+b+c)		
		(a)	(b)	(c)	(d) = (a+b+c)	(e)	(f) = (d-e)
	<u>Union South In-Franchise</u>						
1	Rate M1	1,157	1,657	1,391	4,205	4,325	(120)
2	Rate M2	108	155	130	394	403	(8)
3	Rate M4	40	58	49	147	134	13
4	Rate M5	45	65	54	164	149	16
5	Rate M7	11	16	14	41	38	4
6	Rate M9	2	2	2	6	5	1
7	Rate M10	0	1	0	1	1	0
8	Rate T1	29	42	35	107	97	9
9	Rate T2	81	116	98	295	269	26
10	Rate T3	9	13	11	33	30	3
11	Total South In-Franchise	1,484	2,126	1,784	5,393	5,450	(56)
	<u>Union North In-Franchise</u>						
12	Rate 01	459	658	552	1,669	1,754	(85)
13	Rate 10	40	57	48	145	141	4
14	Rate 20	34	49	41	124	109	15
15	Rate 25	30	43	36	110	102	8
16	Rate 100	14	20	17	50	45	5
17	Total North In-Franchise	577	827	694	2,098	2,152	(54)
	<u>Ex-Franchise</u>						
18	Rate M12	215	308	259	783	713	69
19	Rate M13	0	0	0	0	0	0
20	Rate M16	0	0	0	1	1	0
21	Rate C1	5	7	6	17	15	1
22	Excess Utility Storage Space	9	12	10	31	31	-
23	Total Ex-Franchise	229	328	275	832	761	71
24	Total In-Franchise & Ex-Franchise	2,290	3,280	2,753	8,323	8,363	(40)

Notes:

- (1) Exhibit D, Tab 2, Schedule 2, p. 2, column (c).
- (2) Exhibit D, Tab 2, Schedule 2, p. 3, column (c).
- (3) Exhibit D, Tab 2, Schedule 2, p. 4, column (c).
- (4) Sum of interim disposition amounts from Exhibit D, Tab 2, Schedule 2, p. 2-4, column (d).

UNION RATE ZONES  
Allocation of Greenhouse Gas Emissions Impact Deferral Account (179-152)

Line No.	Particulars (\$000's)	2016				
		Total Admin Costs (1) (a)	Deferral Interest (2) (b)	Deferral Balance before Interim Disposition (3) (c) = (a+b)	Interim Disposition Amount (4) (d)	Final Deferral Balance (e) = (c-d)
	<u>Union South In-Franchise</u>					
1	Rate M1	1,124	33	1,157	1,306	(149)
2	Rate M2	105	3	108	122	(13)
3	Rate M4	39	1	40	41	(0)
4	Rate M5	44	1	45	45	(0)
5	Rate M7	11	0	11	11	(0)
6	Rate M9	2	0	2	2	(0)
7	Rate M10	0	0	0	0	(0)
8	Rate T1	29	1	29	30	(0)
9	Rate T2	79	2	81	80	1
10	Rate T3	9	0	9	9	0
11	Total South In-Franchise	<u>1,442</u>	<u>42</u>	<u>1,484</u>	<u>1,646</u>	<u>(162)</u>
	<u>Union North In-Franchise</u>					
12	Rate 01	446	13	459	530	(71)
13	Rate 10	39	1	40	43	(3)
14	Rate 20	33	1	34	34	(0)
15	Rate 25	29	1	30	30	0
16	Rate 100	13	0	14	14	0
17	Total North In-Franchise	<u>561</u>	<u>16</u>	<u>577</u>	<u>651</u>	<u>(74)</u>
	<u>Ex-Franchise</u>					
18	Rate M12	209	6	215	215	(0)
19	Rate M13	0	0	0	0	(0)
20	Rate M16	0	0	0	0	(0)
21	Rate C1	5	0	5	5	(0)
22	Excess Utility Storage Space	8	0	9	9	-
23	Total Ex-Franchise	<u>222</u>	<u>6</u>	<u>229</u>	<u>229</u>	<u>(0)</u>
24	Total In-Franchise & Ex-Franchise	<u>2,225</u>	<u>65</u>	<u>2,290</u>	<u>2,526</u>	<u>(236)</u>

Notes:

- (1) Allocated in proportion to 2013 Board-approved Administrative and General expenses. No administration costs were recovered in OEB-approved rates
- (2) Allocated in proportion to column (a).
- (3) Exhibit B, Tab 2, Table 4.
- (4) Interim disposition amount collected/(refunded) to customers as part of the October 1, 2018 QRAM (EB-2018-0253).

UNION RATE ZONES  
Allocation of Greenhouse Gas Emissions Impact Deferral Account (179-152)

		2017				
Line No.	Particulars (\$000's)	Total Admin Costs (1) (a)	Deferral Interest (2) (b)	Deferral Balance before Interim Disposition (3) (c) = (a+b)	Interim Disposition Amount (4) (d)	Final Deferral Balance (e) = (c-d)
<u>Union South In-Franchise</u>						
1	Rate M1	1,626	31	1,657	1,871	(214)
2	Rate M2	152	3	155	174	(19)
3	Rate M4	57	1	58	58	(0)
4	Rate M5	64	1	65	65	(0)
5	Rate M7	16	0	16	16	0
6	Rate M9	2	0	2	2	0
7	Rate M10	1	0	1	1	(0)
8	Rate T1	41	1	42	42	(0)
9	Rate T2	114	2	116	117	(0)
10	Rate T3	13	0	13	13	0
11	Total South In-Franchise	<u>2,086</u>	<u>40</u>	<u>2,126</u>	<u>2,359</u>	<u>(233)</u>
<u>Union North In-Franchise</u>						
12	Rate 01	645	12	658	759	(101)
13	Rate 10	56	1	57	61	(4)
14	Rate 20	48	1	49	49	(0)
15	Rate 25	42	1	43	43	(0)
16	Rate 100	19	0	20	19	0
17	Total North In-Franchise	<u>811</u>	<u>16</u>	<u>827</u>	<u>932</u>	<u>(105)</u>
<u>Ex-Franchise</u>						
18	Rate M12	303	6	308	309	(0)
19	Rate M13	0	0	0	0	(0)
20	Rate M16	0	0	0	0	(0)
21	Rate C1	7	0	7	7	(0)
22	Excess Utility Storage Space	12	0	12	12	-
23	Total Ex-Franchise	<u>322</u>	<u>6</u>	<u>328</u>	<u>328</u>	<u>(0)</u>
24	Total In-Franchise & Ex-Franchise	<u>3,218</u>	<u>62</u>	<u>3,280</u>	<u>3,619</u>	<u>(338)</u>

Notes:

- (1) Allocated in proportion to 2013 Board-approved Administrative and General expenses. No administration costs were recovered in OEB-approved rates.
- (2) Allocated in proportion to column (a).
- (3) Exhibit B, Tab 2, Table 7.
- (4) Interim disposition amount collected/(refunded) to customers as part of the October 1, 2018 QRAM (EB-2018-0253).

UNION RATE ZONES  
Allocation of Greenhouse Gas Emissions Impact Deferral Account (179-152)

		2018				
Line No.	Particulars (\$000's)	Total Admin Costs (1) (a)	Deferral Interest (2) (b)	Deferral Balance before Interim Disposition (3) (c) = (a+b)	Interim Disposition Amount (4) (d)	Final Deferral Balance (e) = (c-d)
<u>Union South In-Franchise</u>						
1	Rate M1	1,375	16	1,391	1,147	243
2	Rate M2	129	1	130	107	24
3	Rate M4	48	1	49	35	13
4	Rate M5	54	1	54	39	16
5	Rate M7	14	0	14	10	4
6	Rate M9	2	0	2	1	1
7	Rate M10	0	0	0	0	0
8	Rate T1	35	0	35	26	10
9	Rate T2	96	1	98	72	25
10	Rate T3	11	0	11	8	3
11	Total South In-Franchise	1,764	20	1,784	1,445	338
<u>Union North In-Franchise</u>						
12	Rate 01	546	6	552	465	87
13	Rate 10	47	1	48	37	10
14	Rate 20	41	0	41	26	15
15	Rate 25	36	0	36	29	8
16	Rate 100	16	0	17	12	4
17	Total North In-Franchise	686	8	694	570	124
<u>Ex-Franchise</u>						
18	Rate M12	256	3	259	189	70
19	Rate M13	0	0	0	0	0
20	Rate M16	0	0	0	0	0
21	Rate C1	6	0	6	4	2
22	Excess Utility Storage Space	10	0	10	10	-
23	Total Ex-Franchise	272	3	275	204	71
24	Total In-Franchise & Ex-Franchise	2,722	31	2,753	2,219	534

Notes:

- (1) Allocated in proportion to 2013 Board-approved Administrative and General expenses. No administration costs were recovered in OEB-approved rates.
- (2) Allocated in proportion to column (a).
- (3) Exhibit B, Tab 2, Table 9 + Exhibit B, Tab 2, Table 12.
- (4) Interim disposition amount collected/(refunded) to customers as part of the October 1, 2018 QRAM (EB-2018-0253).

UNION RATE ZONES  
Allocation of Greenhouse Gas Emissions Obligation Customer-Related Deferral Account (179-154)

Line No.	Particulars (\$000's)	Deferral Balance before Interim Disposition				Interim Disposition Amount (4)	Final Deferral Balance
		2017 (1)	2018 (2) (Jan 1 - Jul 3)	2018 (3) (Jul 4 - Sep 30)	Total (d) = (a+b+c)		
		(a)	(b)	(c)	(d) = (a+b+c)	(e)	(f) = (d-e)
	<u>Union South In-Franchise</u>						
1	Rate M1	2,510	2,725	(6,660)	(1,425)	(2,125)	700
2	Rate M2	1,021	987	(3,739)	(1,731)	(1,986)	254
3	Rate M4	381	393	(2,548)	(1,773)	(1,797)	24
4	Rate M5	97	48	(537)	(392)	(393)	1
5	Rate M7	32	17	(170)	(121)	(122)	1
6	Rate M9	-	-	-	-	-	-
7	Rate M10	-	-	-	-	-	-
8	Rate T1	34	30	(229)	(165)	(166)	2
9	Rate T2	334	330	(8,358)	(7,694)	(7,714)	20
10	Rate T3	-	-	-	-	-	-
11	Total South In-Franchise	<u>4,409</u>	<u>4,530</u>	<u>(22,241)</u>	<u>(13,302)</u>	<u>(14,303)</u>	<u>1,001</u>
	<u>Union North In-Franchise</u>						
12	Rate 01	827	871	(1,874)	(177)	(124)	(52)
13	Rate 10	307	292	(1,118)	(520)	(719)	199
14	Rate 20	137	96	(1,233)	(1,000)	(1,004)	4
15	Rate 25	18	22	(118)	(78)	(79)	1
16	Rate 100	127	96	(858)	(636)	(640)	5
17	Total North In-Franchise	<u>1,416</u>	<u>1,376</u>	<u>(5,202)</u>	<u>(2,410)</u>	<u>(2,567)</u>	<u>157</u>
	<u>Ex-Franchise</u>						
18	Rate M12	-	-	-	-	-	-
19	Rate M13	-	-	-	-	-	-
20	Rate M16	-	-	-	-	-	-
21	Rate C1	-	-	-	-	-	-
22	Excess Utility Storage Space	-	-	-	-	-	-
23	Total Ex-Franchise	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
24	Total In-Franchise & Ex-Franchise	<u>5,825</u>	<u>5,906</u>	<u>(27,443)</u>	<u>(15,712)</u>	<u>(16,870)</u>	<u>1,158</u>

Notes:

- (1) Exhibit D, Tab 2, Schedule 3, p. 2, column (c).
- (2) Exhibit D, Tab 2, Schedule 3, p. 3, column (c).
- (3) Exhibit D, Tab 2, Schedule 3, p. 4, column (c).
- (4) Sum of interim disposition amounts from Exhibit D, Tab 2, Schedule 3, p. 2-4, column (d).

UNION RATE ZONES  
Allocation of Greenhouse Gas Emissions Obligation Customer-Related Deferral Account (179-154)

Line No.	Particulars (\$000's)	2017				Final Deferral Balance (e) = (c-d)
		Obligation Cost Variance (1) (a)	Deferral Interest (2) (b)	Deferral Balance before Interim Disposition (c) = (a+b)	Interim Disposition Amount (3) (d)	
	<u>Union South In-Franchise</u>					
1	Rate M1	2,458	52	2,510	2,935	(426)
2	Rate M2	1,000	21	1,021	1,187	(166)
3	Rate M4	374	8	381	395	(13)
4	Rate M5	95	2	97	100	(3)
5	Rate M7	31	1	32	33	(1)
6	Rate M9	-	-	-	-	-
7	Rate M10	-	-	-	-	-
8	Rate T1	33	1	34	35	(1)
9	Rate T2	327	7	334	346	(12)
10	Rate T3	-	-	-	-	-
11	Total South In-Franchise	<u>4,318</u>	<u>91</u>	<u>4,409</u>	<u>5,031</u>	<u>(622)</u>
	<u>Union North In-Franchise</u>					
12	Rate 01	810	17	827	988	(161)
13	Rate 10	300	6	307	345	(39)
14	Rate 20	134	3	137	142	(5)
15	Rate 25	18	0	18	19	(1)
16	Rate 100	124	3	127	131	(4)
17	Total North In-Franchise	<u>1,386</u>	<u>29</u>	<u>1,416</u>	<u>1,625</u>	<u>(210)</u>
	<u>Ex-Franchise</u>					
18	Rate M12	-	-	-	-	-
19	Rate M13	-	-	-	-	-
20	Rate M16	-	-	-	-	-
21	Rate C1	-	-	-	-	-
22	Excess Utility Storage Space	-	-	-	-	-
23	Total Ex-Franchise	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
24	Total In-Franchise & Ex-Franchise	<u>5,705</u>	<u>120</u>	<u>5,825</u>	<u>6,657</u>	<u>(832)</u>

Notes:

- (1) Variance by rate class between the actual Cap-and-Trade customer-related obligation costs and the costs recovered in OEB-approved rates.
- (2) Allocated in proportion to column (a).
- (3) Interim disposition amount collected/(refunded) to customers as part of the October 1, 2018 QRAM (EB-2018-0253).

UNION RATE ZONES  
Allocation of Greenhouse Gas Emissions Obligation Customer-Related Deferral Account (179-154)

		2018 (Jan 1 - Jul 3)				
Line No.	Particulars (\$000's)	Obligation Cost Variance (1)	Deferral Interest (2)	Deferral Balance before Interim Disposition	Interim Disposition Amount (3)	Final Deferral Balance
		(a)	(b)	(c) = (a+b)	(d)	(e) = (c-d)
	<u>Union South In-Franchise</u>					
1	Rate M1	2,701	24	2,725	2,798	(73)
2	Rate M2	978	9	987	1,007	(20)
3	Rate M4	390	4	393	356	37
4	Rate M5	48	0	48	44	5
5	Rate M7	17	0	17	16	2
6	Rate M9	-	-	-	-	-
7	Rate M10	-	-	-	-	-
8	Rate T1	29	0	30	27	3
9	Rate T2	327	3	330	299	31
10	Rate T3	-	-	-	-	-
11	Total South In-Franchise	4,490	40	4,530	4,545	(15)
	<u>Union North In-Franchise</u>					
12	Rate 01	863	8	871	913	(42)
13	Rate 10	289	3	292	289	3
14	Rate 20	95	1	96	87	9
15	Rate 25	21	0	22	20	2
16	Rate 100	95	1	96	87	9
17	Total North In-Franchise	1,364	12	1,376	1,394	(18)
	<u>Ex-Franchise</u>					
18	Rate M12	-	-	-	-	-
19	Rate M13	-	-	-	-	-
20	Rate M16	-	-	-	-	-
21	Rate C1	-	-	-	-	-
22	Excess Utility Storage Space	-	-	-	-	-
23	Total Ex-Franchise	-	-	-	-	-
24	Total In-Franchise & Ex-Franchise	5,853	53	5,906	5,940	(34)

Notes:

- (1) Variance by rate class between the actual Cap-and-Trade customer-related obligation costs and the costs recovered in OEB-approved rates.
- (2) Allocated in proportion to column (a).
- (3) Interim disposition amount collected/(refunded) to customers as part of the October 1, 2018 QRAM (EB-2018-0253).

UNION RATE ZONES  
Allocation of Greenhouse Gas Emissions Obligation Customer-Related Deferral Account (179-154)

Line No.	Particulars (\$000's)	2018 (Jul 4 - Sep 30)				Final Deferral Balance (e) = (c-d)
		Obligation Cost Variance (1) (a)	Deferral Interest (2) (b)	Deferral Balance before Interim Disposition (c) = (a+b)	Interim Disposition Amount (3) (d)	
	<u>Union South In-Franchise</u>					
1	Rate M1	(6,639)	(21)	(6,660)	(7,859)	1,198
2	Rate M2	(3,727)	(12)	(3,739)	(4,179)	440
3	Rate M4	(2,540)	(8)	(2,548)	(2,548)	0
4	Rate M5	(535)	(2)	(537)	(537)	0
5	Rate M7	(170)	(1)	(170)	(170)	0
6	Rate M9	-	-	-	-	-
7	Rate M10	-	-	-	-	-
8	Rate T1	(228)	(1)	(229)	(229)	0
9	Rate T2	(8,331)	(27)	(8,358)	(8,358)	0
10	Rate T3	-	-	-	-	-
11	Total South In-Franchise	<u>(22,170)</u>	<u>(71)</u>	<u>(22,241)</u>	<u>(23,880)</u>	<u>1,639</u>
	<u>Union North In-Franchise</u>					
12	Rate 01	(1,868)	(6)	(1,874)	(2,025)	150
13	Rate 10	(1,115)	(4)	(1,118)	(1,353)	235
14	Rate 20	(1,229)	(4)	(1,233)	(1,233)	0
15	Rate 25	(117)	(0)	(118)	(118)	0
16	Rate 100	(855)	(3)	(858)	(858)	0
17	Total North In-Franchise	<u>(5,185)</u>	<u>(17)</u>	<u>(5,202)</u>	<u>(5,587)</u>	<u>385</u>
	<u>Ex-Franchise</u>					
18	Rate M12	-	-	-	-	-
19	Rate M13	-	-	-	-	-
20	Rate M16	-	-	-	-	-
21	Rate C1	-	-	-	-	-
22	Excess Utility Storage Space	-	-	-	-	-
23	Total Ex-Franchise	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
24	Total In-Franchise & Ex-Franchise	<u>(27,355)</u>	<u>(88)</u>	<u>(27,443)</u>	<u>(29,467)</u>	<u>2,024</u>

Notes:

- (1) There are no Cap-and-Trade obligation costs subsequent to July 3, 2018. Variance represents the over collection from customers of Cap-and-Trade customer-related charges up to September 30, 2018.
- (2) Allocated in proportion to column (a).
- (3) Interim disposition amount collected/(refunded) to customers as part of the October 1, 2018 QRAM (EB-2018-0253).

UNION RATE ZONES  
Allocation of the Greenhouse Gas Emissions Obligation Facility-Related Deferral Account (179-155)

Line No.	Particulars (\$000's)	Deferral Balance before Interim Disposition				Interim Disposition Amount (4)	Final Deferral Balance
		2017 (1)	2018 (2) (Jan 1 - Jul 3)	2018 (3) (Jul 4 - Sep 30)	Total (d) = (a+b+c)		
		(a)	(b)	(c)	(d) = (a+b+c)	(e)	(f) = (c+d+e)
	<u>Union South In-Franchise</u>						
1	Rate M1	(287)	(96)	(49)	(432)	(482)	50
2	Rate M2	(9)	(36)	(29)	(74)	(85)	11
3	Rate M4	(46)	(18)	(25)	(89)	(88)	(1)
4	Rate M5	(7)	(2)	(4)	(13)	(12)	(0)
5	Rate M7	(46)	(14)	(22)	(82)	(81)	(1)
6	Rate M9	(3)	(2)	(3)	(8)	(8)	(0)
7	Rate M10	(0)	(0)	(0)	(0)	(0)	0
8	Rate T1	17	(13)	(21)	(17)	(19)	2
9	Rate T2	404	(101)	(254)	49	26	22
10	Rate T3	(9)	(8)	(5)	(22)	(22)	0
11	Total South In-Franchise	13	(289)	(411)	(688)	(770)	82
	<u>Union North In-Franchise</u>						
12	Rate 01	(305)	(31)	(14)	(350)	(389)	39
13	Rate 10	(66)	(10)	(8)	(84)	(90)	6
14	Rate 20	68	(13)	(21)	35	31	3
15	Rate 25	21	(4)	(8)	9	8	1
16	Rate 100	247	(26)	(57)	164	152	12
17	Total North In-Franchise	(35)	(84)	(107)	(226)	(288)	62
	<u>Ex-Franchise</u>						
18	Rate M12	(1,232)	(452)	(636)	(2,320)	(2,294)	(26)
19	Rate M13	11	(2)	(4)	5	4	1
20	Rate M16	17	(7)	(25)	(15)	(15)	1
21	Rate C1 - Long Term	313	(93)	(314)	(94)	(163)	69
22	Rate C1 - Short Term	-	-	-	-	-	-
23	Total Ex-Franchise	(891)	(554)	(980)	(2,424)	(2,469)	44
24	Total In-Franchise & Ex-Franchise	(913)	(926)	(1,498)	(3,338)	(3,526)	188

Notes:

- (1) Exhibit D, Tab 2, Schedule 4, p. 2, column (c).
- (2) Exhibit D, Tab 2, Schedule 4, p. 3, column (c).
- (3) Exhibit D, Tab 2, Schedule 4, p. 4, column (c).
- (4) Sum of interim disposition amounts from Exhibit D, Tab 2, Schedule 4, p. 2-4, column (d).

UNION RATE ZONES  
Allocation of Greenhouse Gas Emissions Obligation Facility-Related Deferral Account (179-155)

Line No.	Particulars (\$000's)	2017				
		Obligation Cost	Deferral	Deferral Balance	Interim	Final
		Variance (1)	Interest (2)	before Interim	Disposition	Deferral
		(a)	(b)	(c) = (a+b)	(d)	(e) = (c-d)
	<u>Union South In-Franchise</u>					
1	Rate M1	(278)	(10)	(287)	(301)	14
2	Rate M2	(9)	(0)	(9)	(6)	(2)
3	Rate M4	(45)	(2)	(46)	(43)	(3)
4	Rate M5	(7)	(0)	(7)	(6)	(1)
5	Rate M7	(45)	(2)	(46)	(43)	(3)
6	Rate M9	(3)	(0)	(3)	(3)	(0)
7	Rate M10	(0)	(0)	(0)	(0)	(0)
8	Rate T1	16	1	17	17	0
9	Rate T2	390	13	404	395	9
10	Rate T3	(9)	(0)	(9)	(8)	(1)
11	Total South In-Franchise	<u>12</u>	<u>0</u>	<u>13</u>	<u>1</u>	<u>12</u>
	<u>Union North In-Franchise</u>					
12	Rate 01	(295)	(10)	(305)	(334)	29
13	Rate 10	(63)	(2)	(66)	(67)	2
14	Rate 20	66	2	68	67	2
15	Rate 25	20	1	21	20	1
16	Rate 100	<u>239</u>	<u>8</u>	<u>247</u>	<u>239</u>	<u>8</u>
17	Total North In-Franchise	<u>(33)</u>	<u>(1)</u>	<u>(35)</u>	<u>(76)</u>	<u>41</u>
	<u>Ex-Franchise</u>					
18	Rate M12	(1,191)	(41)	(1,232)	(1,136)	(96)
19	Rate M13	10	0	11	10	0
20	Rate M16	17	1	17	17	0
21	Rate C1 - Long Term	303	10	313	262	51
22	Rate C1 - Short Term	-	-	-	-	-
23	Total Ex-Franchise	<u>(861)</u>	<u>(30)</u>	<u>(891)</u>	<u>(846)</u>	<u>(45)</u>
24	Total In-Franchise & Ex-Franchise	<u>(883)</u>	<u>(30)</u>	<u>(913)</u>	<u>(921)</u>	<u>8</u>

Notes:

- (1) Variance by rate class between the actual Cap-and-Trade customer-related obligation costs and the costs recovered in OEB-approved rates.
- (2) Allocated in proportion to column (a).
- (3) Interim disposition amount collected/(refunded) to customers as part of the October 1, 2018 QRAM (EB-2018-0253).

UNION RATE ZONES  
Allocation of Greenhouse Gas Emissions Obligation Facility-Related Deferral Account (179-155)

Line No.	Particulars (\$000's)	2018 (Jan 1 - Jul 3)			
		Obligation Cost Variance (1)	Deferral Interest (2)	Deferral Balance before Interim Disposition	Interim Disposition Amount (3)
		(a)	(b)	(c) = (a+b)	(d)
					Final Deferral Balance (e) = (c-d)
	<u>Union South In-Franchise</u>				
1	Rate M1	(96)	(0)	(96)	(123)
2	Rate M2	(36)	(0)	(36)	(46)
3	Rate M4	(18)	(0)	(18)	(20)
4	Rate M5	(2)	(0)	(2)	(2)
5	Rate M7	(14)	(0)	(14)	(16)
6	Rate M9	(2)	(0)	(2)	(2)
7	Rate M10	(0)	(0)	(0)	(0)
8	Rate T1	(13)	(0)	(13)	(14)
9	Rate T2	(101)	(0)	(101)	(115)
10	Rate T3	(8)	(0)	(8)	(9)
11	Total South In-Franchise	<u>(289)</u>	<u>(0)</u>	<u>(289)</u>	<u>(348)</u>
	<u>Union North In-Franchise</u>				
12	Rate 01	(31)	(0)	(31)	(40)
13	Rate 10	(10)	(0)	(10)	(13)
14	Rate 20	(13)	(0)	(13)	(14)
15	Rate 25	(4)	(0)	(4)	(5)
16	Rate 100	<u>(26)</u>	<u>(0)</u>	<u>(26)</u>	<u>(30)</u>
17	Total North In-Franchise	<u>(84)</u>	<u>(0)</u>	<u>(84)</u>	<u>(102)</u>
	<u>Ex-Franchise</u>				
18	Rate M12	(452)	(0)	(452)	(523)
19	Rate M13	(2)	(0)	(2)	(2)
20	Rate M16	(7)	(0)	(7)	(7)
21	Rate C1 - Long Term	(93)	(0)	(93)	(112)
22	Rate C1 - Short Term	-	-	-	-
23	Total Ex-Franchise	<u>(553)</u>	<u>(0)</u>	<u>(554)</u>	<u>(644)</u>
24	Total In-Franchise & Ex-Franchise	<u>(926)</u>	<u>(1)</u>	<u>(926)</u>	<u>(1,095)</u>

Notes:

- (1) Variance by rate class between the actual Cap-and-Trade customer-related obligation costs and the costs recovered in OEB-approved rates.  
(2) Allocated in proportion to column (a).  
(3) Interim disposition amount collected/(refunded) to customers as part of the October 1, 2018 QRAM (EB-2018-0253).

UNION RATE ZONES  
Allocation of Greenhouse Gas Emissions Obligation Facility-Related Deferral Account (179-155)

		2018 (Jul 4 - Sep 30)				
Line No.	Particulars (\$000's)	Obligation Cost Variance (1)	Deferral Interest	Deferral Balance before Interim Disposition	Interim Disposition Amount	Final Deferral Balance
		(a)	(b)	(c) = (a+b)	(d)	(e) = (c-d)
	<u>Union South In-Franchise</u>					
1	Rate M1	(48)	(0)	(49)	(57)	8
2	Rate M2	(29)	(0)	(29)	(32)	3
3	Rate M4	(25)	(0)	(25)	(25)	(0)
4	Rate M5	(4)	(0)	(4)	(4)	(0)
5	Rate M7	(22)	(0)	(22)	(22)	(0)
6	Rate M9	(3)	(0)	(3)	(3)	(0)
7	Rate M10	(0)	(0)	(0)	(0)	(0)
8	Rate T1	(21)	(0)	(21)	(21)	(0)
9	Rate T2	(253)	(1)	(254)	(254)	(0)
10	Rate T3	(5)	(0)	(5)	(5)	(0)
11	Total South In-Franchise	<u>(409)</u>	<u>(2)</u>	<u>(411)</u>	<u>(422)</u>	<u>11</u>
	<u>Union North In-Franchise</u>					
12	Rate 01	(14)	(0)	(14)	(15)	1
13	Rate 10	(8)	(0)	(8)	(10)	2
14	Rate 20	(21)	(0)	(21)	(21)	(0)
15	Rate 25	(8)	(0)	(8)	(8)	(0)
16	Rate 100	(56)	(0)	(57)	(57)	(0)
17	Total North In-Franchise	<u>(107)</u>	<u>(0)</u>	<u>(107)</u>	<u>(110)</u>	<u>3</u>
	<u>Ex-Franchise</u>					
18	Rate M12	(633)	(3)	(636)	(635)	(1)
19	Rate M13	(4)	(0)	(4)	(4)	(0)
20	Rate M16	(25)	(0)	(25)	(25)	(0)
21	Rate C1 - Long Term	(313)	(1)	(314)	(314)	(1)
22	Rate C1 - Short Term	-	-	-	-	-
23	Total Ex-Franchise	<u>(976)</u>	<u>(4)</u>	<u>(980)</u>	<u>(978)</u>	<u>(2)</u>
24	Total In-Franchise & Ex-Franchise	<u>(1,492)</u>	<u>(7)</u>	<u>(1,498)</u>	<u>(1,510)</u>	<u>12</u>

Notes:

- (1) There are no Cap-and-Trade obligation costs subsequent to July 3, 2018. Variance represents the over collection from customers of Cap-and-Trade customer-related charges up to September 30, 2018.
- (2) Allocated in proportion to column (a).
- (3) Interim disposition amount collected/(refunded) to customers as part of the October 1, 2018 QRAM (EB-2018-0253).

UNION RATE ZONES  
General Service Unit Rates for Prospective Recovery/(Refund)  
Cap-and-Trade Deferral and Variance Account Disposition

Line No.	Particulars	Rate Class	Deferral Balance for Disposition (\$000's) (1) (a)	Forecast Volume (10 <sup>3</sup> m <sup>3</sup> ) (2) (b)	Unit Rate for Prospective Recovery/(Refund) (cents/m <sup>3</sup> ) (c) = (a / b)*100
<b><u>Delivery - GGEIDA</u></b>					
	<u>Union North</u>				
1	Small Volume General Service	01	(85)	303,815	(0.0281)
2	Large Volume General Service	10	4	105,922	0.0034
	<u>Union South</u>				
3	Small Volume General Service	M1	(120)	924,797	(0.0129)
4	Large Volume General Service	M2	(8)	379,118	(0.0022)
5	Total General Service		<u>(210)</u>		
<b><u>Cap-and-Trade Customer-Related</u></b>					
	<u>Union North</u>				
6	Small Volume General Service	01	(52)	303,809	(0.0173)
7	Large Volume General Service	10	199	103,130	0.1934
	<u>Union South</u>				
8	Small Volume General Service	M1	700	924,507	0.0757
9	Large Volume General Service	M2	254	369,661	0.0688
10	Total General Service		<u>1,101</u>		
<b><u>Cap-and-Trade Facility-Related</u></b>					
	<u>Union North</u>				
11	Small Volume General Service	01	39	303,815	0.0130
12	Large Volume General Service	10	6	105,922	0.0055
	<u>Union South</u>				
13	Small Volume General Service	M1	50	924,797	0.0054
14	Large Volume General Service	M2	11	379,118	0.0028
15	Total General Service		<u>106</u>		

**Notes:**

- (1) Exhibit D, Tab 2, Schedule 2-4, p. 1, column (e).
- (2) Forecast volume for the period October 1, 2019 to December 31, 2019.

UNION RATE ZONES  
Contract Unit Rates for One-Time Adjustment - Delivery  
Greenhouse Gas Emissions Impact Deferral Account Disposition

Line No.	Particulars	Rate Class	Deferral Balance for Disposition (\$000's) (1) (a)	Volume (10 <sup>3</sup> m <sup>3</sup> ) (b)	Unit Rate (cents/m <sup>3</sup> ) (c) = (a / b)*100
<b><u>2016</u></b>					
<u>Union North</u>					
1	Medium Volume Firm Service	20	(0)	565,469	0.0000
2	Large Volume High Load Factor	100	0	1,365,541	0.0000
3	Large Volume Interruptible	25	0	116,365	0.0000
<u>Union South</u>					
4	Firm Com/Ind Contract	M4	(0)	472,042	0.0000
5	Interruptible Com/Ind Contract	M5	(0)	194,195	0.0000
6	Special Large Volume Contract	M7	(0)	475,225	0.0000
7	Large Wholesale	M9	(0)	72,275	0.0000
8	Small Wholesale	M10	(0)	247	0.0000
9	Contract Carriage Service	T1	(0)	447,213	0.0000
10	Contract Carriage Service	T2	1	4,213,980	0.0000
11	Contract Carriage- Wholesale	T3	0	250,167	0.0000
12	Total Contract Service		<u>1</u>		
<b><u>2017</u></b>					
<u>Union North</u>					
13	Medium Volume Firm Service	20	(0)	551,582	0.0000
14	Large Volume High Load Factor	100	0	1,205,971	0.0000
15	Large Volume Interruptible	25	(0)	109,767	0.0000
<u>Union South</u>					
16	Firm Com/Ind Contract	M4	(0)	574,169	0.0000
17	Interruptible Com/Ind Contract	M5	(0)	141,409	0.0000
18	Special Large Volume Contract	M7	0	518,206	0.0000
19	Large Wholesale	M9	0	69,559	0.0000
20	Small Wholesale	M10	(0)	276	0.0000
21	Contract Carriage Service	T1	(0)	459,910	0.0000
22	Contract Carriage Service	T2	(0)	4,488,220	0.0000
23	Contract Carriage- Wholesale	T3	0	258,356	0.0000
24	Total Contract Service		<u>(0)</u>		
<b><u>2018</u></b>					
<u>Union North</u>					
25	Medium Volume Firm Service	20	15	347,374	0.0045
26	Large Volume High Load Factor	100	4	777,250	0.0005
27	Large Volume Interruptible	25	8	116,894	0.0066
<u>Union South</u>					
28	Firm Com/Ind Contract	M4	13	474,792	0.0028
29	Interruptible Com/Ind Contract	M5	16	51,645	0.0306
30	Special Large Volume Contract	M7	4	375,356	0.0009
31	Large Wholesale	M9	1	48,651	0.0012
32	Small Wholesale	M10	0	267	0.0439
33	Contract Carriage Service	T1	10	350,266	0.0028
34	Contract Carriage Service	T2	25	3,138,550	0.0008
35	Contract Carriage- Wholesale	T3	3	190,175	0.0015
36	Total Contract Service		<u>99</u>		

**Notes:**

(1) Exhibit D, Tab 2, Schedule 2, p. 2-4, column (e).

UNION RATE ZONES  
Contract Unit Rates for One-Time Adjustment - Cap-and-Trade Customer-Related  
Greenhouse Gas Emissions Compliance Obligation - Customer-Related Variance Account Disposition

Line No.	Particulars	Rate Class	Deferral Balance for Disposition (\$000's) (1) (a)	Volume (10 <sup>3</sup> m <sup>3</sup> ) (b)	Unit Rate (cents/m <sup>3</sup> ) (c) = (a / b)*100
<b>2017</b>					
<u>Union North</u>					
1	Medium Volume Firm Service	20	(5)	159,512	(0.0030)
2	Large Volume High Load Factor	100	(4)	147,183	(0.0030)
3	Large Volume Interruptible	25	(1)	21,101	(0.0030)
<u>Union South</u>					
4	Firm Com/Ind Contract	M4	(13)	443,673	(0.0030)
5	Interruptible Com/Ind Contract	M5	(3)	112,268	(0.0030)
6	Special Large Volume Contract	M7	(1)	36,954	(0.0030)
7	Large Wholesale	M9	-	-	-
8	Small Wholesale	M10	-	-	-
9	Contract Carriage Service	T1	(1)	39,627	(0.0030)
10	Contract Carriage Service	T2	(12)	388,347	(0.0030)
11	Contract Carriage- Wholesale	T3	-	-	-
12	Total Contract Service		(41)		
<b>2018 (Jan 1 - Jul 3)</b>					
<u>Union North</u>					
13	Medium Volume Firm Service	20	9	69,864	0.0130
14	Large Volume High Load Factor	100	9	69,716	0.0130
15	Large Volume Interruptible	25	2	15,720	0.0130
<u>Union South</u>					
16	Firm Com/Ind Contract	M4	37	286,149	0.0130
17	Interruptible Com/Ind Contract	M5	5	34,971	0.0130
18	Special Large Volume Contract	M7	2	12,559	0.0130
19	Large Wholesale	M9	-	-	-
20	Small Wholesale	M10	-	-	-
21	Contract Carriage Service	T1	3	21,648	0.0130
22	Contract Carriage Service	T2	31	240,074	0.0130
23	Contract Carriage- Wholesale	T3	-	-	-
24	Total Contract Service		97		
<b>2018 (Jul 4 - Sep 30)</b>					
<u>Union North</u>					
25	Medium Volume Firm Service	20	0	37,042	0.0000
26	Large Volume High Load Factor	100	0	25,779	0.0000
27	Large Volume Interruptible	25	0	3,539	0.0000
<u>Union South</u>					
28	Firm Com/Ind Contract	M4	0	76,547	0.0000
29	Interruptible Com/Ind Contract	M5	0	16,123	0.0000
30	Special Large Volume Contract	M7	0	5,116	0.0000
31	Large Wholesale	M9	-	-	-
32	Small Wholesale	M10	-	-	-
33	Contract Carriage Service	T1	0	6,871	0.0000
34	Contract Carriage Service	T2	0	251,088	0.0000
35	Contract Carriage- Wholesale	T3	-	-	-
36	Total Contract Service		0		

Notes:

(1) Exhibit D, Tab 2, Schedule 3, p. 2-4, column (e).

UNION RATE ZONES  
Contract Unit Rates for One-Time Adjustment - Cap-and-Trade Facility-Related  
Greenhouse Gas Emissions Compliance Obligation - Facility-Related Variance Account Disposition

Line No.	Particulars	Rate Class	Deferral Balance for Disposition (\$000's) (1) (a)	Volume (10 <sup>3</sup> m <sup>3</sup> ) (b)	Unit Rate (cents/m <sup>3</sup> ) (c) = (a / b)*100
<b><u>2017</u></b>					
<u>Union North</u>					
1	Medium Volume Firm Service	20	2	551,582	0.0003
2	Large Volume High Load Factor	100	8	1,205,971	0.0007
3	Large Volume Interruptible	25	1	109,767	0.0006
<u>Union South</u>					
4	Firm Com/Ind Contract	M4	(3)	574,169	(0.0006)
5	Interruptible Com/Ind Contract	M5	(1)	141,409	(0.0005)
6	Special Large Volume Contract	M7	(3)	518,206	(0.0006)
7	Large Wholesale	M9	(0)	69,559	(0.0005)
8	Small Wholesale	M10	(0)	276	(0.0005)
9	Contract Carriage Service	T1	0	459,910	0.0000
10	Contract Carriage Service	T2	9	4,488,220	0.0002
11	Contract Carriage- Wholesale	T3	(1)	258,356	(0.0004)
12	Total Contract Service		11		
<b><u>2018 (Jan 1 - Jul 3)</u></b>					
<u>Union North</u>					
13	Medium Volume Firm Service	20	2	260,402	0.0007
14	Large Volume High Load Factor	100	4	542,144	0.0007
15	Large Volume Interruptible	25	1	84,056	0.0007
<u>Union South</u>					
16	Firm Com/Ind Contract	M4	2	372,423	0.0007
17	Interruptible Com/Ind Contract	M5	0	35,480	0.0007
18	Special Large Volume Contract	M7	2	283,648	0.0007
19	Large Wholesale	M9	0	38,042	0.0007
20	Small Wholesale	M10	0	262	0.0007
21	Contract Carriage Service	T1	2	262,522	0.0007
22	Contract Carriage Service	T2	14	2,083,798	0.0007
23	Contract Carriage- Wholesale	T3	1	170,047	0.0007
24	Total Contract Service		27		
<b><u>2018 (Jul 4 - Sep 30)</u></b>					
<u>Union North</u>					
25	Medium Volume Firm Service	20	(0)	86,972	0.0000
26	Large Volume High Load Factor	100	(0)	235,105	0.0000
27	Large Volume Interruptible	25	(0)	32,839	0.0000
<u>Union South</u>					
28	Firm Com/Ind Contract	M4	(0)	102,369	0.0000
29	Interruptible Com/Ind Contract	M5	(0)	16,164	0.0000
30	Special Large Volume Contract	M7	(0)	91,708	0.0000
31	Large Wholesale	M9	(0)	10,609	0.0000
32	Small Wholesale	M10	(0)	5	0.0000
33	Contract Carriage Service	T1	(0)	87,745	0.0000
34	Contract Carriage Service	T2	(0)	1,054,752	0.0000
35	Contract Carriage- Wholesale	T3	(0)	20,129	0.0000
36	Total Contract Service		(0)		

**Notes:**

(1) Exhibit D, Tab 2, Schedule 4, p. 2-4, column (e).

UNION RATE ZONES  
Ex-Franchise Unit Rates for One-Time Adjustment  
Cap-and-Trade Deferral and Variance Account Disposition

Line No.	Particulars (\$000's) (1)	Rate Class	Deferral Balance for Disposition (\$000's) (2) (a)	Volume (GJ) (b)	Billing Units	Unit Rate (\$/GJ) (3) (c) = (a / b)*1000
<b><u>Delivery - GGEIDA</u></b>						
<b><u>2016</u></b>						
1	Storage and Transportation	M12	(0)	4,971,980	GJ/d	0.000
2	Local Production	M13	(0)	3,572,414	GJ	0.000
3	Short-Term Cross Franchise	C1	(0)	1,263,867	GJ/d	0.000
4	Storage Transportation Service	M16	(0)	17,846	GJ/d	0.000
5	Total Ex-Franchise		(0)			
<b><u>2017</u></b>						
6	Storage and Transportation	M12	(0)	5,288,926	GJ/d	0.000
7	Local Production	M13	(0)	3,215,208	GJ	0.000
8	Short-Term Cross Franchise	C1	(0)	1,731,175	GJ/d	0.000
9	Storage Transportation Service	M16	(0)	17,846	GJ/d	0.000
10	Total Ex-Franchise		(0)			
<b><u>2018</u></b>						
11	Storage and Transportation	M12	70	5,526,387	GJ/d	0.013
12	Local Production	M13	0	2,149,658	GJ	0.000
13	Short-Term Cross Franchise	C1	2	2,113,262	GJ/d	0.001
14	Storage Transportation Service	M16	0	18,002	GJ/d	0.005
15	Total Ex-Franchise		71			
<b><u>Cap-and-Trade Facility-Related</u></b>						
<b><u>2017</u></b>						
16	Storage and Transportation	M12	(96)	654,363,508	GJ	Note (4)
17	Local Production	M13	0	3,215,208	GJ	Note (4)
18	Short-Term Cross Franchise	C1	51	133,338,258	GJ	Note (4)
19	Storage Transportation Service	M16	0	10,576,730	GJ	Note (4)
20	Total Ex-Franchise		(45)			
<b><u>2018 (Jan 1 - Jul 3)</u></b>						
21	Storage and Transportation	M12	71	421,341,667	GJ	0.000
22	Local Production	M13	0	1,417,612	GJ	0.000
23	Short-Term Cross Franchise	C1	19	87,128,299	GJ	0.000
24	Storage Transportation Service	M16	1	6,082,760	GJ	0.000
25	Total Ex-Franchise		91			
<b><u>2018 (Jul 4 - Sep 30)</u></b>						
26	Storage and Transportation	M12	(1)	105,562,624	GJ	(0.000)
27	Local Production	M13	(0)	700,238	GJ	(0.000)
28	Short-Term Cross Franchise	C1	(1)	52,107,052	GJ	(0.000)
29	Storage Transportation Service	M16	(0)	4,221,213	GJ	(0.000)
30	Total Ex-Franchise		(2)			

**Notes:**

- (1) GGEIDA balances per Exhibit D, Tab 2, Schedule 2, p. 2-4, column (e) and facility-related balances per Exhibit D, Tab 2, Schedule 4, p. 2-4, column (e).
- (2) Ex-franchise M12, M13, M16 and C1 customer specific amounts determined using approved deferral account allocation methodologies.
- (3) Final unit rates will be set to recover the deferral balance for disposition in column (a).
- (4) 2017 unit rate for disposition to be calculated based on each path.

UNION RATE ZONES  
General Service Bill Impacts  
Cap-and-Trade Deferral and Variance Accounts

Line No.	Particulars	Rate Component	Unit Rate for Prospective Recovery/(Refund) (cents/m <sup>3</sup> ) (1) (a)	Volume (m <sup>3</sup> ) (2) (b)	Bill Impact (\$) (c) = (a x b) / 100
1	<u>Rate 01</u>	Delivery	(0.0281)	559	(0.16)
2		Cap-and-Trade Customer-Related	(0.0173)	559	(0.10)
3		Cap-and-Trade Facility-Related	0.0130	559	0.07
4			(0.0324)		(0.18)
5	Including Cap-and-Trade Customer-Related Charge				(0.18)
6	Excluding Cap-and-Trade Customer-Related Charge				(0.08)
7	<u>Rate 10</u>	Delivery	0.0034	29,344	1.00
8		Cap-and-Trade Customer-Related	0.1934	29,344	56.75
9		Cap-and-Trade Facility-Related	0.0055	29,344	1.61
10			0.2023		59.36
11	Including Cap-and-Trade Customer-Related Charge				59.36
12	Excluding Cap-and-Trade Customer-Related Charge				2.61
13	<u>Rate M1</u>	Delivery	(0.0129)	559	(0.07)
14		Cap-and-Trade Customer-Related	0.0757	559	0.42
15		Cap-and-Trade Facility-Related	0.0054	559	0.03
16			0.0682		0.38
17	Including Cap-and-Trade Customer-Related Charge				0.38
18	Excluding Cap-and-Trade Customer-Related Charge				(0.04)
19	<u>Rate M2</u>	Delivery	(0.0022)	19,491	(0.43)
20		Cap-and-Trade Customer-Related	0.0688	19,491	13.41
21		Cap-and-Trade Facility-Related	0.0028	19,491	0.55
22			0.0694		13.53
23	Including Cap-and-Trade Customer-Related Charge				13.53
24	Excluding Cap-and-Trade Customer-Related Charge				0.12

Notes:

(1) Exhibit D, Tab 2, Schedule 5, p.1, column (c).

(2) Average consumption, per customer, for the period October 1, 2019 to December 31, 2019.

Rate 01 volume based on annual consumption of 2,200 m<sup>3</sup>.

Rate 10 volume based on annual consumption of 93,000 m<sup>3</sup>.

Rate M1 volume based on annual consumption of 2,200 m<sup>3</sup>.

Rate M2 volume based on annual consumption of 73,000 m<sup>3</sup>.