



Ontario Energy Board Commission de l'énergie de l'Ontario

INTERIM DECISION AND ORDER

EB-2019-0101

EPCOR Natural Gas Limited Partnership

2019 Federal Carbon Pricing Program Application

BEFORE: **Lynne Anderson**
Presiding Member

Michael Janigan
Member

Susan Frank
Member

April 1, 2019

1 INTRODUCTION

EPCOR Natural Gas Limited Partnership (ENGLP) has applied to the Ontario Energy Board (OEB) for approval under section 36(1) of the *Ontario Energy Board Act, 1998* to increase rates to recover costs associated with meeting its obligations under the *Federal Greenhouse Gas Pollution Pricing Act* (FGGPP Act). Among other things, the FGGPP Act establishes a carbon pricing program under which ENGLP is required to pay a carbon charge to the federal government for volumes of natural gas that ENGLP delivers to customers starting April 1, 2019.

As part of its application, ENGLP seeks OEB approval to use three existing greenhouse gas accounts, established under the now discontinued provincial Cap and Trade program, to record its costs/cost variances associated with compliance with the FGGPP Act.

The OEB does not approve the use of the existing greenhouse gas accounts to record costs related to the FGGPP Act. However, to allow ENGLP to record its costs for potential future recovery, the OEB approves the establishment of three new accounts that will record (i) administrative costs related to the FGGPP Act, (ii) the federal carbon charges for natural gas that ENGLP delivers to customers, and (iii) facility-related costs arising from compliance with the FGGPP Act.

2 ORDER SOUGHT

ENGLP is requesting OEB approval for use of the following existing greenhouse gas accounts to record amounts related to the FGGPP Act:

- Greenhouse Gas Emissions Impact Deferral Account: to record the administrative costs associated with the impacts of the FGGPP Act, as well as any other federal and/or provincial regulations related to greenhouse gas emission requirements for ENGLP's Aylmer operation effective January 1, 2019
- Greenhouse Gas Emissions Compliance Obligation – Customer-Related Deferral Account: to record the variances between actual customer carbon costs and customer carbon costs recovered in rates for distribution volumes delivered by ENGLP effective April 1, 2019.
- Greenhouse Gas Emissions Compliance Obligation – Facility-Related Deferral Account: to record the variances between actual facility carbon costs and facility carbon costs recovered in rates effective April 1, 2019.

In its application, ENGLP also raised the issue of interim rates, stating that it would prefer an interim order allowing it to commence charging as of April 1, 2019. However, ENGLP acknowledged a recent decision in which the OEB refused to approve Enbridge Gas Inc.'s request for interim rates for its costs of complying with the FGGPP Act¹. ENGLP indicated that it would await further guidance from the OEB regarding the possibility of an interim order.

¹ EB-2018-0205 Enbridge Gas Inc., Interim Decision and Accounting Orders, February 28, 2019

3 DECISION

The OEB does not approve the use of the existing greenhouse gas accounts to record costs related to the FGGPP Act as these accounts were established in the context of the Cap and Trade program.

The OEB has determined that new accounts should be established to record costs related to the FGGPP Act. As a result, the OEB approves the following accounts on an interim basis:

- 1) Greenhouse Gas Emissions Administration Deferral Account effective January 1, 2019
- 2) Federal Carbon Charge – Customer Variance Account effective April 1, 2019
- 3) Federal Carbon Charge – Facility Variance Account effective April 1, 2019

ENGLP is to file draft accounting orders for these new accounts for OEB review. These accounts are to be used only for costs related to the FGGPP Act. The OEB will make a determination on final deferral and variance accounts and associated Accounting Orders in its Decision and Order for this proceeding.

The OEB denies interim rates as of April 1, 2019. The OEB will consider the comments of stakeholders and submissions of parties prior to making a determination on any new charges and related bill presentation issues.

4 ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

- 1) The OEB approves, on an interim basis, the establishment of the:
 - Greenhouse Gas Emissions Administration Deferral Account effective January 1, 2019
 - Federal Carbon Charge – Customer Variance Account effective April 1, 2019
 - Federal Carbon Charge – Facility Variance Account effective April 1, 2019
- 2) ENGLP shall file draft accounting orders for the accounts established in section 3 to this Interim Decision and Order by April 16, 2019.

DATED at Toronto April 1, 2019

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary