



Ontario  
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**BY EMAIL**

April 15, 2019

Ontario Energy Board  
P.O. Box 2319  
27th Floor  
2300 Yonge Street  
Toronto ON M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: OEB Staff Interrogatories  
Enbridge Gas Inc.  
2019 federal Carbon Pricing Program Application  
OEB File Number: EB-2018-0205**

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Pursuant to Procedural Order No. 2, please find attached the interrogatories of OEB staff in the above referenced proceeding.

Yours truly,

*Original signed by*

Michael Bell  
Project Advisor, Application Policy and Climate Change

cc: All Parties in EB-2018-0205

# **ONTARIO ENERGY BOARD**

## **OEB Staff Interrogatories**

**Enbridge Gas Inc.**

**2019 federal Carbon Pricing program Application**

**EB-2018-0205**

**April 15, 2019**

**Enbridge Gas Inc.**  
**2019 Federal Carbon Pricing Program Application**  
**EB-2018-0205**  
**OEB STAFF INTERROGATORIES**  
**April 15, 2019**

## **Overview**

### **Staff IR-1**

Topic: Volumes Subject to Output-Based Pricing System (OBPS).

Ref: Exhibit A / p. 10 of 14

Preamble:

Enbridge Gas Inc. (Enbridge Gas) indicates that for its OBPS volumes “under the Greenhouse Gas Price Protection Act (GGPPA) it is required to: calculate and report to Environment and Climate change Canada Enbridge Gas’ emissions and emissions limit for each compliance period”.

Questions:

- a) Please outline the dates for each of Enbridge Gas’ compliance periods (e.g., what are the dates for Enbridge Gas’ first and second compliance period)?

### **Staff IR-2**

Topic: Volumes Subject to OBPS

Ref: Exhibit A / pp. 10 and 13 of 14

Preamble:

Enbridge Gas indicates that “under the OBPS, annual facility emission limits will be calculated based on a specific OBS and annual facility production. The initial proposed OBPS for the transmission of marketable natural gas is 80% of production-weighted national average emissions intensity (which is 0.419 tCO<sub>2e</sub>/MWh)”.

Questions:

- a) Please explain whether the proposed “80% of production-weighted national average emissions intensity” has changed? If so, please outline the change? Please update all relevant tables.

**Staff IR-3**

Topic: Volumes Subject to OBPS

Ref: Exhibit A / pp. 5-6

Preamble:

Enbridge Gas indicates that participants in the OBPS will be required to report and manage their own compliance obligations, and have the following options to satisfy annual emissions that exceed their sector-based emission intensity benchmark: (i) pay the carbon price; (ii) submit surplus credits issued by the federal government; or (iii) submit eligible offset credits.

Questions:

- a) Please identify and explain Enbridge Gas’ reporting requirements under Part 2 of the GGPA.
  - i. Please identify and explain whether there are additional compliance requirements that Enbridge Gas is required to do under Part 2 of the GGPA.
  - ii. Please identify and explain Enbridge Gas’ internal processes to ensure it complies with the federal government’s OBPS.
  
- b) Has the federal government issued any surplus credits and/or offset credits that participants can purchase?
  - i. If yes, please explain the price per tonne of CO<sub>2</sub>e for a surplus credit and price per tonne of CO<sub>2</sub>e for an offset credit? Please explain whether Enbridge Gas has purchased any surplus credits and/or offset credits (i.e., please include date of purchase, quantity, price and total cost for each credit and offset credit purchased).
  - ii. If no, what is the federal government’s expected timing for issuing surplus credits/offset credits for participants to purchase.
  - iii. Please explain whether the surplus credits and/or offset credits are expected to be cheaper than the carbon price?

- c) Please describe how Enbridge Gas will manage its own compliance obligation under Part 2 of the GGPPA.
  
- d) Please explain Enbridge Gas' evaluation criteria it will use when deciding between:
  - (i) paying the carbon price
  - (ii) purchasing surplus credits issued by the federal government
  - (iii) purchasing eligible offset credits

#### **Staff IR-4**

Topic: Volumes Subject to Federal Carbon Charge

Ref: Exhibit A / pp. 4 and 8-9

Preamble:

Enbridge Gas states that all distribution volumes delivered by Enbridge Gas will be covered under Part I of the GGPPA. This includes: i) fuel delivered by Enbridge Gas to its customers and ii) company use volumes such as distribution buildings, boilers/line heaters and natural gas vehicle (NGV) fleet volumes.

Enbridge Gas also states that it is required to calculate and report monthly to the CRA the volume of fuel covered under Part I of the GGPPA.

Questions:

- a) Please explain how Enbridge Gas will manage its own compliance obligation (i.e., its company use volumes) under Part I of the GGPPA.
  
- b) Please identify and explain Enbridge Gas' internal processes to ensure it complies with the federal government's Part I of the GGPPA (e.g., calculates and reports monthly to the CRA).

#### **Staff IR-5**

Topic: Assumptions Made within Enbridge Gas' Application

Ref: Exhibit A / p. 13 of 14

Preamble:

Enbridge Gas indicates that it made a variety of assumptions that underpinned its application.

Questions:

- a) Please explain whether any of these assumptions have changed? If so, please outline the changes and update all relevant tables.

## **Forecasts – Overview**

### **Staff IR-6**

Topic: 2019 Customer Volume and Federal Carbon Charge Cost

Ref: Exhibit B / pp. 2-3

Preamble:

Enbridge Gas indicates that the customers exempt from Part I of the GGPPA (i.e., do not have to pay the Federal Carbon Levy) will not be known until customers provide Enbridge Gas their exemption certificate, which is issued to the customer upon registration with the CRA. This applies to those customers: (i) covered under OBPS; (ii) that undertake non-covered activities; and (iii) operating commercial greenhouses.

Questions:

- a) Please explain whether customers are providing Enbridge Gas their exemption certificates?
- b) Does Enbridge Gas know whether there are any outstanding exemption certificates? Please explain.

### **Staff IR-7**

Topic: 1) 2019 Customer volume and Federal Carbon Charge Cost and 2) Volumes Subject to Federal Carbon Charge

Ref: Exhibit B / p. 2 and Exhibit A / p. 8

Preamble:

Enbridge Gas states that customers will be charged the Federal Carbon Charge rate on a monthly basis based on actual billed volumes.

Enbridge Gas also states that it must calculate and report monthly to the CRA the volume of fuel covered under Part 1 of the GGPPA and it must remit the amount of the Federal Carbon Charge in respect of the monthly volume that has been calculated.

Questions:

- a) OEB staff understands that some bills will be calculated using estimated volumes. Please explain how Enbridge Gas will reconcile with customers and the CRA when the “billed volumes” do not accurately reflect the customer’s actual monthly consumption.

## **Administration Costs**

### **Staff IR-8**

Topic: Administration Costs – Communication Plan

Ref: Exhibit C / p. 6 and Exhibit A, Appendix C, pp. 1-3

Preamble:

Enbridge Gas outlines its Federal Carbon Pricing Program Communication Plan.

Questions:

- a) Please explain whether there are any updates to Enbridge Gas’ Communication Plan.

## **Deferral and Variance Accounts**

### **Staff IR-9**

Topic: New Deferral and Variance Account Requests

Ref: Exhibit D / pp. 3-4

Preamble:

Enbridge Gas is proposing two new variance accounts for its EGD and Union Rate Zones to record the variance between actual facility carbon costs and facility carbon costs recovered in rates.

Questions:

- a) Please explain whether Enbridge Gas will be able to separately track the facility-related volumes attributed to its obligation under Part I (company use volumes subject to the Federal Carbon Charge such as distribution buildings, boilers/line heaters and NGV fleet) and Part II of GGPPA (volumes subject to OBPS).

## **Staff IR-10**

Topic: New Deferral and Variance Account Requests

Ref: Exhibit C / p. 4

Preamble:

Enbridge Gas indicates that it may incur additional costs related to the Federal Clean Fuel Standard (CFS) and other provincial and federal GHG or carbon pricing programs.

Questions:

- a) Please explain whether Enbridge Gas intends to include (or has included) costs related to the CFS in its proposed Greenhouse Gas Emissions Administration Deferral Account (GGEADA).
  - i. If so, will Enbridge Gas be able to separately track these costs in the GGEADA? If not, why? Please explain.
  
- b) Please explain whether Enbridge Gas intends to include (or has included) costs related to other GHG or carbon pricing programs in its proposed GGEADA.
  - i. If so, will Enbridge Gas be able to separately track these costs in the GGEADA? If not, why? Please explain.

## **Staff IR-11**

Topic: New Deferral and Variance Account Requests

Ref: Exhibit D / p.3

Preamble:

Enbridge Gas indicates that it is requesting final OEB approval to establish five new deferral and variance accounts as part of this application.

In Procedural Order No. 2, the OEB states that it will consider whether Enbridge Gas' proposed variance and deferral accounts meet the tests of: Causation, Materiality and Prudence.

Questions:

- a) Please explain how each of Enbridge Gas' five new variance and deferral accounts meet the tests of: Causation, Materiality and Prudence.



## **Staff IR-12**

Topic: New Deferral and Variance Account Requests

Ref: Exhibit D / pp. 3-4

Preamble:

On December 14, 2018 and February 28, 2019, the OEB approved on an interim basis, accounting orders related to facility and customer federal carbon costs.

In the February 28, 2019 Decision and Order, the OEB indicated the following:

The OEB notes that the accounting orders for the Federal Carbon Charge – Customer Variance Account and the Federal Carbon Charge – Facility Variance Account are inconsistent between the EGD and Union rate zones. The OEB expects the accounting orders to be consistent for any final approval.

Questions:

- a) As the OEB has identified that the accounting orders of EGD and Union rate zones for the Federal Carbon Charge – Customer Variance Account and Federal Carbon Charge – Facility Variance Account are inconsistent, please provide revised accounting orders that are consistent between the EGD and Union rate zones related to the facility and customer federal carbon charge.

## **Cost Recovery**

### **Staff IR-13**

Topic: Administration Costs

Ref: Exhibit E / p. 6

Preamble:

Enbridge Gas states that the administration costs incurred in 2019 will be recorded in the proposed GGEADA and disposed of as part of a future proceeding.

Questions:

- a) Please explain which future proceeding Enbridge Gas intends to seek disposition of these costs.

**Staff IR-14**

Topic: Administration Costs

Ref: Exhibit A / p. 8 and Exhibit E / p. 6

Preamble:

Enbridge Gas indicates that it proposes to present the Federal Carbon Charge for applicable customers as a separate line item on customers' bills.

Enbridge Gas also indicates that it proposes to include the Facility Carbon Charge as part of the delivery charge on customers' bills.

Questions:

- a) Please explain whether there are any issues (such as costs, IT concerns) with including the Federal Carbon Charge and Facility Carbon Charge together as a single line item on customers' bills.