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BY EMAIL

May 13, 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
EPCOR Natural Gas Limited Partnership
2019 Federal Carbon Pricing Program Application
Ontario Energy Board: File No.: EB-2019-0101**

Pursuant to Procedural Order No. 1, 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-2019-0101

ONTARIO ENERGY BOARD

OEB Staff Interrogatories

EPCOR Natural Gas Limited Partnership

2019 Federal Carbon Pricing Program Application

EB-2019-0101

May 13, 2019

Overview

Staff IR-1

Topic: Background: the Greenhouse Gas Pollution Pricing Act (GGPPA)

Ref: Exhibit A / Tab 1 / S 1 / p. 3

Preamble:

EPCOR Natural Gas Limited Partnership (EPCOR) indicates that it will be required to remit the 2019 Fuel Charge rate to customers unless a customer provides EPCOR with an Exemption Certification.

Questions:

- a) Does EPCOR know whether there are any outstanding exemption certificates?
Please explain.
 - i. If so, what is the annual quantity of gas that they represent?

Staff IR-2

Topic: Background: the Greenhouse Gas Pollution Pricing Act (GGPPA)

Ref: Exhibit A / Tab 1 / S 1 / p. 3

Preamble:

EPCOR states that it is required to calculate and report monthly to the Canada Revenue Agency (CRA) the volume of fuel covered under Part I of the GGPPA.

Questions:

- a) Please explain how EPCOR will manage its own compliance obligation (i.e., its company use volumes related to its office building and natural gas vehicle fleet) under Part I of the GGPPA.
- b) Please identify and explain EPCOR's 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).
- c) Please explain whether any volumes of fuel (covered under Part I of the GGPPA) that EPCOR reports monthly to the CRA will be calculated using estimated volumes. If so, please explain how EPCOR will reconcile with customers and the

CRA when the CRA monthly billed volumes do not accurately reflect the customer's actual monthly consumption.

Staff IR-3

Topic: Background: the Greenhouse Gas Pollution Pricing Act (GGPPA)

Ref: Exhibit A / Tab 1 / S 1 / p. 4

Preamble:

EPCOR states that it will dispose its 2019 administrative costs in a future proceeding.

Questions:

- a) Please explain which future proceeding EPCOR intends to seek disposition of these costs.
- b) Please explain whether EPCOR has decided on a methodology to dispose of its 2019 administration costs.

2019 Forecast Volumes and Related Costs

Staff IR-4

Topic: Forecast Customer-Related and Facility-Related Volumes and Associated Costs

Ref: Exhibit B / Tab 1 / S 1 / pp. 1-2 and Exhibit A / Tab 1 / S 1 / pp. 3-4

Preamble:

EPCOR indicates that its facility-related volumes for company use volumes includes its office buildings and natural gas vehicle (NGV) fleet.

EPCOR states that it has made several assumptions to estimate its 2019 volumes such as:

- An estimate for unaccounted for gas (UFG) has not been included in its 2019 facility-related volumes as its unclear whether the CRA considers this to be "use" by a distributor
- It has not included any reductions to its 2019 customer-related volumes for volumes delivered to commercial greenhouse operators (as the federal

government's proposal for the greenhouse sector to receive 80% relief from the Federal Carbon Charge has not been finalized)

EPCOR also states that it has not received Exemption Certificates from any commercial greenhouse operators.

Questions:

- a) Please explain whether the CRA has provided EPCOR with any clarity regarding whether to include its UFG in its facility-related volume forecast?
 - i. If so, please explain whether there is any changes to EPCOR's estimate of its 2019 facility-related volume of 27,023 m³.
 - ii. If not, what is EPCOR's 2019 estimated volume for UFG? Please explain.
- b) Draft Regulations Amending the Fuel Charge Regulations dated March 2019¹ states that greenhouse operators are to receive 80% relief from the Federal Carbon Charge.
 - i. Has EPCOR received any Exemption Certificates from commercial greenhouse operators in its service territory?
 1. What is the estimated 2019 volume related to these commercial greenhouse operators. Please explain.
 - ii. Please update all relevant tables to reflect the federal government's amended draft regulation.

Administration Costs

Staff IR-5

Topic: Administration Costs – Staffing Resources

Ref: Exhibit C / Tab 1 / S 1 / pp. 1-3

Preamble:

EPCOR states that it will use internal resources to administer the Federal Carbon Charge at an estimated cost of \$68,000 in 2019. For April – December 2019, the estimated cost is \$50,900 as outlined in Table C-1.

¹ <https://www.fin.gc.ca/drleg-apl/2019/fuel-charge-reg-redevance-combustibles-l-eng.asp>

Questions:

- a) Please explain whether the \$50,900 for staffing resources represents EPCOR's estimated cost for nine months (April – December) of Federal Carbon work in 2019 (\$68,000 * 9/12).

Staff IR-6

Topic: Administration Costs – Consulting and External Legal

Ref: Exhibit C / Tab 1 / S 1 / pp. 1-3

Preamble:

EPCOR states that the costs for consulting and external legal support in 2019 will include the following:

- External Legal Support - \$40,000
- Blackstone Energy Services - \$6,000

EPCOR also states that the Ontario Ministry of Environment, Conservation and Parks issued a notice on February 6, 2019 that removes EPCOR's obligation for mandatory reporting and verification of its GHG emission from fuel it sells. Therefore, EPCOR did not include the estimated costs of \$7,000 for verification in 2019.

EPCOR indicates that actual legal, consulting or third party verification costs incurred in relation to the GGPPA or other provincial or federal GHG or carbon pricing programs will be recorded in the Greenhouse Gas Emissions Administration Deferral Account (GGEADA)².

Questions:

- a) Please explain whether EPCOR will be able to separately track costs related to:
- 1) any provincial GHG or carbon pricing programs and
 - 2) other federal GHG or carbon pricing programs (besides the GGPPA) in the GGEADA? If not, why not? Please explain.

² As per the OEB's Interim Decision and Order dated April 1, 2019

Staff IR-7

Topic: Administration Costs – Communication Plan

Ref: Exhibit C / Tab 1 / S 1 / pp. 1-3

Preamble:

EPCOR indicates it will utilize its existing communication methods such as bill inserts, bill messaging and webpage content to provide information related to the GGPPA.

Questions:

- a) Please explain, to what extent EPCOR has, to date, informed its customers of the requirement to charge the Federal Carbon Charge and any charges to customer's bills.
 - i. Please outline any planned communications to inform customers of Federal Carbon Pricing Program.

Deferral and Variance Accounts

Staff IR-8

Topic: New Deferral and Variance Account Requests

Ref: Exhibit D / Tab 1 / S 1 / pp. 1-2

Preamble:

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

In Procedural Order No. 1, the OEB states that it will consider whether EPCOR's proposed variance and deferral accounts meet the tests of: Causation, Materiality and Prudence.

Questions:

- a) Please explain how each of EPCOR's three new variance and deferral accounts meet the tests of: Causation, Materiality and Prudence.

Cost Recovery

Staff IR-9

Topic: Federal Carbon Charge

Ref: Exhibit E / Tab 1 / S 1 / pp. 1-3

Preamble:

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

EPCOR 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.

Staff IR-10

Topic: Federal Carbon Charge

Ref: Exhibit E / Tab 1 / S 1 / pp. 1-3

Preamble:

EPCOR indicates that customers are eligible for voluntary participation in the OBPS program if they emit greater than 10 ktCO₂e and less than 50 ktCO₂e and undertake an activity in which an OBS applies.

Questions:

- a) Does EPCOR have any customers that could opt-in to the federal government's OBPS program (Part II of the GGPPA)? Please explain.
 - i. If so, please explain whether there is any changes to EPCOR's estimate of its 2019 customer-related volume of 16,267,237 m³.
- b) Please explain whether EPCOR has received Exemption Certificates for any voluntary participants in the OBPS program.

Staff IR-11

Topic: Federal Carbon Charge

Ref: Exhibit E / Tab 1 / S 1 / pp. 1-3

Preamble:

EPCOR states that it will track the difference between the Federal Carbon Charge amount collected through rates and actual Fuel Charge remitted to the CRA.

Questions:

- a) Please confirm that EPCOR will be tracking the difference between the Federal Carbon Charge amount collected through rates and the actual costs incurred for customer gas usage in its Greenhouse Gas Emissions Compliance Obligation – Customer-Related Deferral Account³.

³ As per the OEB's Interim Decision and Order dated April 1, 2019