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Our File No. 184864

May 23, 2019

VIA RESS, EMAIL AND COURIER

Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
M4P 1E4

Attention: Kirsten Walli,
Board Secretary

Dear Ms. Walli:

Re: EB-2018-0205: Enbridge Gas Distribution,
2019 Federal Carbon Pricing Program Application

Please find enclosed herewith BOMA's Written Submissions.

Yours truly,

FOGLER, RUBINOFF LLP

Thomas Brett

Thomas Brett
TB/dd
Encls.
cc: All Parties *(via email)*

EB-2018-0205

ONTARIO ENERGY BOARD

Enbridge Gas Inc.

2019 Federal Carbon Pricing Program Application

Written Submissions of

Building Owners and Managers Association of Greater Toronto ("BOMA")

May 23, 2019

Tom Brett
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Counsel for BOMA

<u>Written Submissions of BOMA</u>

1. In Procedural Order No. 2, the Board has defined the scope of this proceeding as follows:

> *"The OEB has determined that the scope of this proceeding will be limited to considering recovery of Enbridge Gas' costs related to the FCPP and the presentation of the carbon charges on customers' natural gas bills.*
>
> *In this proceeding, the OEB will not be considering additional measures that Enbridge Gas should undertake to reduce either customer-related or facility-related emissions as an issue for adjudication.*
>
> *The OEB has other proceedings in which measures promoting energy efficiency and the reduction of greenhouse gases can be considered including:*
>
> - *An established framework for demand-side management for the period 2015 to 2020 (DSM Framework). Matters related to DSM are considered in separate applications under the DSM Framework.*
> - *The Undertakings Enbridge Gas has made to the provincial government within which the OEB can permit Enbridge Gas to undertake new businesses on a case-by-case basis. Enbridge Gas can bring forward applications for the OEB's consideration for new business activities to support the reduction of greenhouse gases.*
>
> *The OEB notes that the FCPP is relatively new and has been subject to amendments and updates. Any consideration of new initiatives by Enbridge Gas to reduce emissions would need to take into account the final aspects of the FCPP and any other government programs.*
>
> *In this application, Enbridge Gas has not asked for approval of its forecast administration costs for the FCPP. Enbridge Gas has asked for approval of the Greenhouse Gas Emissions Administration Deferral Account to record the administration costs for all rate zones. The OEB has approved this account on an interim basis. This proceeding will determine whether final approval will be granted for this account. The OEB will not be approving the forecast administration costs in this proceeding. Those costs would be subject to a review for prudence upon disposition. The OEB will therefore only consider whether the deferral account meets the tests set out in the Filing Requirements for Natural Gas Rate Applications, that is: Causation, Materiality and Prudence.*
>
> *The other deferral and variance accounts approved by the OEB on an interim basis will be subject to the same tests before the OEB determines if the accounts will be made final."*

BOMA will consider each of the three issues:

- the collection of Enbridge Gas' costs relating to the FCPP,
- the presentation of the carbon charges on the customers' natural gas bills, and
- the finalization and structure of deferral accounts, including the final approval of the GGPPA account.

2. Deferral Accounts

Enbridge Gas Inc. ("EGI") has requested a Greenhouse Gas Emissions Deferral Account ("GGPPA") to record the administration costs for all rate zones. The Board approved that account on an interim basis.

Notwithstanding the interim approval, BOMA believes that two GGPPA accounts should be created, one for the EGD rate zone, and one for the Union Rate zone.

BOMA believes there should be two deferral accounts because some of the administrative costs identified in the evidence are particular to one of the two zones. For example, costs for additional GGPPA billing systems functionality are estimated at $0.2 million for the EGD rate zone and $0.1 million for the Union rate zone (Exhibit C, p3). Moreover, the amalgamated company continues to set rates in separate EGD and Union rate zones. It seems to follow that so long as EGI continues that mode of operation, two deferral accounts should be used. Finally, the billing systems of EGD and Union have not been merged and modifications to each are at best recorded in two accounts.

3. Bill Presentation

BOMA is of the view that the facilities' carbon charge should be included with the customers' carbon charge in a single carbon charge line on the customers' bills. The customers can then see in one line the overall impact of the federal carbon tax on their bills. Transparency is maximized by having the total carbon impact on one line.

A second advantage of showing the combined customers' and facilities' carbon charge on one line is that the delivery charge, for which the utility is accountable, is not blended with the facilities' related carbon charge, over which the utility has no control. The delivery charge should not be "contaminated" with the addition of charges that do not reflect the costs of the utilities' delivery of gas to the customers. The changes to the delivery charges over time are more transparent to the customers if the delivery charge is only for the costs that the utility incurs to deliver the gas.

The utilities evidence is that there would be some additional costs and time required to adjust the billing system, but BOMA believes that the additional clarity that would be achieved would be worth it. The utilities' arguments against merging the two charges on the carbon tax line are not particularly strong.

The amount of the facilities charge is de minimus, compared to the customer-related charge, so that merging the two charges will not adversely affect the customers' incentive to reduce its gas consumption. Second, the customer can still track its volume-related charge. The facility-related cost for 2019 is estimated at only $141,116, compared to $225,929,211 for the 2019 customer-related cost. The facility-related carbon charge is approximately 1/1,582nd of the customer-related charge (Exhibit B, Tab 1, Schedule 5).

While property taxes are included in the utilities' delivery charge, those taxes are paid by all businesses operating in Ontario, and have always been a part of doing business in Ontario. The federal carbon tax, on the other hand, is novel, highly visible, controversial, and potentially volatile.

4. Recovery of Carbon Tax Amounts

BOMA notes that the various deferral accounts will not be cleared in this proceeding. Therefore, the issue of which costs should be collected from which customers, and over what period of time, shall be decided in future proceedings. BOMA's understanding is that the company had to remit the federal tax commencing for the month of April 2019 (I-LPMA-3). It agrees that such amounts should be recorded in the relevant deferral accounts. It also agrees that the facilities charges and administration costs should be recorded in the relevant deferral accounts effective January 1, 2019.

BOMA believes that EGI's communication plan for mass market customers, as set out in ExI-CCC-3 and ExA, Appendix C, should include bill inserts (not included in I-CCC-3, but included in ExA, Appendix C, p3), which explains the new carbon tax charges, and provides information on EGI's energy efficiency programs, which assist in reducing greenhouse gas emissions effectively lower natural gas bills.

All of which is respectfully submitted.