

May 27, 2019

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
P.O. Box 2319
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

Re: EB-2018-0205 – Enbridge Gas Inc. – Federal Carbon Pricing Program- Final Argument of the Consumers Council of Canada

We are representing the Consumers Council of Canada in the above-referenced proceeding. Please find, attached, our final argument.

Yours truly,

Julie E. Girvan

Julie E. Girvan

CC: Enbridge Gas, Regulatory Affairs
All Parties

SUBMISSIONS OF THE CONSUMERS COUNCIL OF CANADA

RE: EB-2018-0205

ENBRIDGE GAS INC. – FEDERAL CARBON PRICING PROGRAM

INTRODUCTION:

The Government of Canada's *Greenhouse Gas Pollution Pricing Act* (the "GGPPA") which received Royal Assent on June 21, 2018, established a federal carbon pricing program (FCPP) which applies to any province or territory that requests it or that does not have an equivalent carbon pricing system. The FCCP is comprised of two elements that were to be effective on January 1, 2019: i) a charge on fossil fuels (the "Federal Carbon Charge") imposed on distributors, importer and producers. And ii) an Output-based Pricing System ("OBPS") for prescribed industrial facilities.

In October, 2018, Union Gas Limited ("Union") and Enbridge Gas Distribution Inc. ("Enbridge") filed Federal Carbon Pricing Program Applications with the Ontario Energy Board ("OEB"). On October 23, 2018, the Government of Canada announced that Ontario would be covered by the GGPPA and that the effective date of the Federal Carbon Charge on distributors, importers and producers would be April 1, 2019. On December 11, 2018 Union and Enbridge indicated their intent to file an updated and consolidated 2019 Application in anticipation of their amalgamation, which was to become effective on January 1, 2019.

On December 14, 2018, the OEB approved the establishment of the Federal Carbon Charge – Facility Deferral Account for each of the Enbridge rate zone and the Union rate zones on an interim basis¹

On January 11, 2019, Enbridge Gas Inc. ("Enbridge Gas") filed its updated and consolidated Application seeking the following relief:

- a) Approval of an order or orders allowing it to charge customers a Federal Carbon Charge on a volumetric basis, in the amount of the Federal Carbon Charge required to be paid pursuant to the GGPPA effective April 1, 2019;
- b) Approval of an order approving or fixing just and reasonable rates for the EGD and Union rate zones effective April 1, 2019, to allow Enbridge Gas to recover the other costs (including Facility Carbon Charge costs) associated with compliance with the GGPPA;
- c) Approval of its rates on an interim basis no later than February 28, 2019;
- d) Approval of the Greenhouse Gas Emissions Administration Deferral Account ("GGEADA");
- e) Approval of the Federal Carbon Charge – Customer Variance Account ("FCCCVA") for the EGD rate zone;

¹ EB-2018-0205/0187 Interim Decision and Accounting Orders, dated December 14,

- f) Approval of the Federal Carbon Charge – Customer Variance Account for the Union rate zones;
- g) Approval of the Federal Carbon Charge – Facility Variance Account (“FCCFVA”) for the EGD rate zone; and
- h) Approval of the Federal Carbon Charge – Facility Variance Account for the Union rate zones.²

On February 28, 2019, the OEB issued an Interim Decision and Accounting Orders which denied Enbridge Gas’s request for interim approval of proposed rates as filed, and approved its requested administration-related and customer-related deferral and variance accounts on an interim basis.³

On April 2, 2019, the OEB determined that the scope of this proceeding would be limited to considering recovery of Enbridge Gas’s costs related to the FCPP and the presentation of carbon charges on customers’ natural gas bills.⁴ The OEB determined that, at this time, it would not be considering additional measures that Enbridge Gas should undertake to reduce either customer-related or facility-related emissions. It also indicated that although it would be determining whether to approve the GGEADA on a final basis it would not be considering forecast administration costs. Those costs would be subject to a prudence review upon disposition.⁵

These are the final submissions of the Consumers Council of Canada (“Council”) regarding Enbridge Gas’s Application.

The Council will address the following issues:

- Bill Presentment
- Requested Deferral and Variance Accounts
- Forecasts

SUBMISSIONS:

Bill Presentment:

Enbridge Gas is proposing to present the Customer-related Federal Carbon Charge associated with customer volumes as a separate line item on customer bills. It is also proposing to recover the costs associated with Company Use Volumes as part of the Facility Carbon Charge included in the delivery or transportation charges on

² Application EB-2018-0205/0187 dated January 11, 2019

³ EB-2018-0205/0187 Interim Decision and Accounting Orders dated February, 28, 2019, p. 4

⁴ EB-2018-0205, Procedural Order No. 2 dated April 2, 2019, p. 1

⁵ Ibid, p. 2

customer bills.⁶ The Facility Carbon Charge will not be specifically identified on the bill.

Enbridge Gas has indicated that it is not seeking approval with respect to bill presentment, yet it does have a proposal before the OEB as to how the impacts should be presented on the bill⁷. The OEB explicitly stated that in this proceeding it would consider the presentation of the carbon charges on customer bills. Accordingly, the Council assumes that the OEB will in fact make a decision regarding bill presentation.

Enbridge Gas has indicated that displaying the Facility Carbon Charge on the bill would require additional IT development and testing to and that such modifications would require additional time and cost.⁸ There is no evidence on the record, however, as to what that additional cost might be.

In addition, Enbridge Gas has argued that presenting the Federal Carbon Charge (excluding the Facility-related Carbon Charge) on bills provides customers line-of sight to the charge they can most directly influence – the charge for their volumetric gas use.⁹ The Council is supportive of having all charges related to the FCPP explicitly identified on the bill so customers are fully aware of the impacts of the program on their bill. Given the fact that there is no evidence on the record as to the additional cost to implement a combined line item – which would have the Federal Carbon Charge include the Customer-related Carbon Charge and the Facility Carbon Charge it would be premature for the OEB to mandate it this time. Enbridge Gas should be required to come forward with an estimate of the incremental costs required to do this. If the costs are not significant, Enbridge Gas should be required in 2020 to explicitly identify all of the components of the Federal Carbon Pricing Program on the bill. This would ensure customers are aware of the full impacts of the program on their bills.

In the draft bills that Enbridge Gas has presented there is one line that states “Federal Carbon Charge”. The Council is of the view that more explanation is required. A footnote that states, “This charge relates to the impact on your bill of the Federal Carbon Pricing Program” should be required. In addition, once the OEB approves collection of these amounts, Enbridge should be required to implement the communications plan as set out in its evidence.¹⁰ EGD should be required to report back to the OEB, in detail, when it seeks to clear the FCPP accounts as what communication plan was actually implemented.

Deferral and Variance Accounts:

⁶ Argument-in-Chief, p. 5

⁷ Ex. I.CCC.4

⁸ Ex. I-Staff.14

⁹ AIC, p. 9

¹⁰ Ex. A/Appendix C

The OEB has approved the following accounts on an interim basis:

- The GGEADA
- The FCCCVA – for the EGD zone
- The FCCCVA – for the Union zones

The Council is supportive of approving these accounts on a final basis. With respect to the GGEADA Enbridge Gas should be required to record administration costs on a rate zone basis. This will ensure that the customers in those zones pay for the costs related to their zones. Given EGD and Union were operating as separate companies until recently the costs within each zone may vary. Over time this would likely not be the case.

Forecasts:

In developing the volume forecasts subject to the GGPPA, Enbridge Gas has used methodologies that have been approved by the OEB in previous applications. Accordingly, the Council supports the 2019 forecasts as presented.

With respect to the volumetric charge the Council submits that Enbridge Gas has developed it consistent with the GGPPA. The 3.91 cents/m³, which Enbridge Gas will charge its customers in 2019, is defined in the Act.

COSTS:

The Council requests that it be awarded 100% of its reasonably incurred costs associated with its participation on this proceeding.

All of which is respectfully submitted on May 27, 2019.