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BY EMAIL

July 26, 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 Submission
EPCOR Natural Gas Limited Partnership, Aylmer Operation
2019 Federal Carbon Pricing Program Application
OEB File Number: EB-2019-0101**

Pursuant to the Decision and Order issued on July 18, 2019, please find attached the submissions 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 Submission

EPCOR Natural Gas Limited Partnership, Aylmer Operation

2019 Federal Carbon Pricing Program Application

EB-2019-0101

July 26, 2019

INTRODUCTION

On July 18, 2019, the Ontario Energy Board (OEB) issued a Decision and Order directing EPCOR Natural Gas Limited Partnership (EPCOR Gas) to file updated draft tariff sheets¹. The Decision and Order also made provisions for OEB staff to provide comments on the draft tariff sheets. EPCOR Gas filed updated draft tariff sheets on July 24, 2019.

OEB staff has reviewed the tariff sheets and has the following submissions.

OEB STAFF SUBMISSION

OEB staff has two concerns with EPCOR Gas' updated draft tariff sheets.

First, OEB staff submits that after each line titled "Federal Carbon Charge" on each tariff sheet, the words "if applicable" should be added as some existing or future customers may not be subject to the charge. This approach is consistent with the tariffs that the OEB approved for Enbridge Gas Inc.

Second, OEB staff submits that consistent with the OEB's Decision and Order in this proceeding, all charges should be levied on a volumetric basis.

EPCOR Gas proposes to recover the Facility Carbon Charge from the customer in Rate 6 using a fixed monthly charge of \$83.70 per month. EPCOR Gas states that the fixed monthly charge was developed on the basis of a volumetric forecast. EPCOR Gas also states that the proposed Facility Carbon Charge for Rate 6 will be added to the current approved monthly fixed charge for this customer.²

OEB staff submits that the Facility Carbon Charge under Rate 6 should be a volumetric rate applied to actual monthly consumption, consistent with the OEB's Decision and Order and consistent with the treatment of all other customer rate classes. OEB staff also submits that the approach proposed by EPCOR Gas will give rise to variances in the Federal Carbon Charge – Facility Variance Account (FCCFVA) that would not otherwise arise if the charges would be applied to actual monthly consumption. Additionally, if the facility-related variances are not tracked separately for Rate 6, OEB staff submits that this proposed treatment may lead to cross-subsidization issues at the time of disposition.

All of which is respectfully submitted

¹ The tariff sheets are in respect of EPCOR Gas' Aylmer Operation.

² EX E, T1, S1, p. 2.