



Enbridge Gas Inc.

2020 Federal Carbon Pricing Program Application

PROCEDURAL ORDER NO. 2

May 22, 2020

Enbridge Gas Inc. (Enbridge Gas) applied to the OEB on November 18, 2019 for approval under section 36(1) of the *Ontario Energy Board Act, 1998* (OEB Act) to increase rates effective April 1, 2020 to recover costs associated with meeting its obligations under the federal *Greenhouse Gas Pollution Pricing Act* (GGPPA). Enbridge Gas also applied to recover from customers the 2019 balances in the related deferral and variance accounts.

The GGPPA established a carbon pricing program under which a natural gas utility in Ontario, such as Enbridge Gas, is required to pay a carbon charge to the Government of Canada, for emissions from the natural gas that it delivers to its customers, and for its own emissions. The carbon charge under the GGPPA came into effect on April 1, 2019, and increased on April 1, 2020.

The OEB issued a Notice of Hearing on January 3, 2020. On February 6, 2020, the OEB issued [Procedural Order \(PO\) No. 1](#), which considered requests for intervenor status and cost eligibility. Subsequently, the OEB issued a [Decision on Updated Intervention Requests and Scope of Proceeding](#), issued March 19, 2020, which provided additional findings on intervenor status and scope of the proceeding, as discussed further below.

On February 11, 2020, the OEB issued an [Interim Decision and Order](#), addressing Enbridge Gas' request for interim rates. The OEB approved Enbridge Gas' proposed rates for the Federal Carbon Charge and Facility Carbon Charge on an interim basis, effective April 1, 2020. The OEB did not approve disposition of Enbridge Gas' FCPP-related deferral and variance accounts, even on an interim basis, and directed Enbridge Gas to file updated evidence with the final December 31, 2019 balances in these accounts when audited numbers become available.

On May 14, 2020, Enbridge Gas filed an [updated Application](#), including final December 31, 2019 balances in the FCPP-related deferral and variance accounts, and a proposed methodology for disposition. In its updated Application, Enbridge Gas requests approval on a final basis of 2020 rates for the Federal Carbon Charge and Facility Carbon Charge, effective April 1, 2020, at the same rates that the OEB previously approved on an interim basis. Enbridge Gas also requests approval of 2019 balances for all FCPP-related deferral and variance accounts, and for an order to dispose of those balances effective October 1, 2020.

This Procedural Order sets out next steps in this proceeding.

Hearing of the Proceeding

Enbridge Gas requested a written hearing. In their intervention requests, several parties commented on hearing format. The Canadian Manufacturers & Exporters requested an oral hearing (if needed), preceded by a written discovery process and settlement conference. The Industrial Gas Users Association commented that a written hearing would likely be sufficient if greenhouse gas abatement measures were out of scope. The School Energy Coalition commented that it was premature to determine form of the hearing until after the interrogatory phase.

Subsequent to these intervention requests, the OEB has provided additional guidance on the scope of the proceeding.

In its [Decision on Updated Intervention Requests and Scope of Proceeding](#), issued March 19, 2020, the OEB confirmed that the review of Enbridge Gas' application will be limited to considering recovery of its costs related to the FCPP. This comprises: 1) updating the Federal Carbon Charge and Facility Carbon Charge on customer bills, to match the levels set in the GGPPA; and 2) the review and disposition of the 2019 balances in Enbridge Gas' FCPP-related deferral and variance accounts. The OEB also indicated that the adjustment to Enbridge Gas' Federal Carbon Charge on customer bills to match the level set in the GGPPA is largely mechanistic.

In the same Decision, the OEB determined that it would defer consideration of issues raised by Anwaatin Inc. and the Chiefs of Ontario, as to whether FCPP charges are constitutionally applicable in light of the *Indian Act*, relevant treaties, and section 35 of the Constitution, until such time as the Supreme Court of Canada (SCC) has rendered its decision on the appeals concerning the constitutionality of the GGPPA.

Due to the relatively narrow defined scope of this proceeding, the OEB will proceed by way of a written hearing at this time, to address all issues in scope, other than the deferred issues.

It is necessary to make provision for the following matters related to this proceeding. Further procedural orders may be issued by the OEB.

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. OEB staff and intervenors requesting information or material from Enbridge Gas that is in addition to the evidence filed and is relevant to the hearing shall file written interrogatories with the OEB and deliver them to Enbridge Gas and all intervenors by **June 4, 2020**.
2. Enbridge Gas shall file its responses to the interrogatories directed to it with the OEB and shall deliver those responses to all parties by **June 18, 2020**.
3. Enbridge Gas shall file its written argument-in-chief with the OEB and deliver to all parties by **June 25, 2020**.
4. OEB staff and intervenors that wish to make written submissions shall file those submissions with the OEB and deliver them to Enbridge Gas and all intervenors by **July 9, 2020**.
5. Enbridge Gas may file a reply to the written submissions of OEB staff and intervenors with the OEB and deliver the response to all parties by **July 16, 2020**.

All materials filed with the OEB must quote the file number, **EB-2019-0247**, be made in a searchable/unrestricted PDF format and sent electronically through the OEB's web portal at <https://pes.ontarioenergyboard.ca/eservice>. Filings must clearly state the sender's name, postal address and telephone number, fax number and email address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at <https://www.oeb.ca/industry>. If the web portal is not available parties may email their documents to boardsec@oeb.ca.

NOTE: The OEB is temporarily waiving the paper copy filing requirement until further notice. All communications should be directed to the attention of the Board Secretary and be received no later than 4:45 p.m. on the required date.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Michael Parkes at Michael.Parkes@oeb.ca and OEB Counsel, Lawren Murray at Lawren.Murray@oeb.ca.

DATED at Toronto, **May 22, 2020**

ONTARIO ENERGY BOARD

Original signed by

Christine E. Long
Registrar and Board Secretary