ENBRIDGE

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June 18, 2020

BY RESS AND EMAIL

Ms. Christine Long
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Long:

Re: Enbridge Gas Inc. (Enbridge Gas)
Ontario Energy Board (OEB) File No.: EB-2019-0247
2020 Federal Carbon Pricing Program Application
Interrogatory Responses

In accordance with the OEB's Procedural Order No. 2 dated May 22, 2020, enclosed please find Interrogatory Responses from Enbridge Gas in the above noted proceeding.

As requested by Energy Probe ("EP"), Enbridge Gas has provided an Excel format version of the information set out in its response at Exhibit I.EP.3 Attachment 1, to EP, OEB Staff and the OEB under separate cover. Enbridge Gas will make this document available to any further parties who request it.

This submission has been filed electronically through the OEB's RESS and will be made available on Enbridge Gas's website at:
https://www.enbridgegas.com/Regulatory-Proceedings.

If you have any questions, please contact the undersigned.

Sincerely,

[original signed by]

Adam Stiers
Technical Manager, Regulatory Applications

c.c.: Tania Persad (Enbridge Gas)
Michael Parkes (OEB Staff)
Lawren Murray (OEB Counsel)
EB-2019-0247 (Intervenors)

ENBRIDGE GAS INC.

Answer to Interrogatory from
OEB Staff (STAFF)

INTERROGATORY

Reference:

Application Cover Letter (Updated)

Preamble:

Enbridge Gas filed its updated Application on May 14, 2020, to include actual December 31, 2019 balances in the Federal Carbon Pricing Program (FCPP)-related deferral and variance accounts for which disposition is being sought.

Questions:

a) Please indicate the approximate date by which Enbridge Gas would expect to be able to file FCPP applications requesting updated rates for the Federal Carbon Charge and Facility Carbon Charge in future years, absent extraordinary circumstances such as this year's COVID-19 emergency.

b) Please indicate the approximate date by which Enbridge Gas would expect to be able to file FCPP applications requesting disposition of FCPP-related deferral and variance account balances (based on actual year-end balances) in future years, absent extraordinary circumstances such as this year's COVID-19 emergency.

Response:

a) Absent any extraordinary circumstances (such as the accumulation of significant deferral balances resulting from the inability to charge customers FCPP-related rates, as was the case in 2019) and dependent upon the timing of the OEB's final decision and order and the nature of associated determinations and directions made by the OEB annually, Enbridge Gas expects that it will be in a position to file annual FCPP applications requesting updated rates each year by the end of September. This is also contingent upon the federal government clarifying the continuation of the FCPP program (including rates beyond 2022).

b) Absent any extraordinary circumstances and dependent upon the timing of the OEB's final decision and order and the nature of associated determinations and directions made by the OEB annually, Enbridge Gas expects that it will be in a position to file annual FCPP applications requesting disposition of FCPP-related deferral and variance account balances each year by the end of September for the preceding year (i.e. for 2020 FCPP-related deferral and variance account balances Enbridge Gas will have final verified balances prepared to file with the OEB by the end of September 2021). This should allow sufficient time for Enbridge Gas to finalize annual FCPP-related account balances as of December 31st and to incorporate the results of annual OBPS verification (expected to occur by June 1st) into its application for disposition of balances.

ENBRIDGE GAS INC.

Answer to Interrogatory from
OEB Staff (STAFF)

INTERROGATORY

Reference:

Exhibit A (updated) / p. 6 of 15, Exhibit B (updated), Exhibit D (updated)

Preamble:

Enbridge Gas' methodology for determining its Federal Carbon Charge cost and Facility Carbon Charge cost, for both the EGD and Union rate zones, is described in Exhibit B, and its methodology for cost recovery of these costs, including unit rates for the Federal Carbon Charge and Facility Carbon Charge, is described in Exhibit D.

Questions:

a) At this time, does Enbridge Gas anticipate making any changes in future FCPP applications to the methodology used in Exhibit B and Exhibit D to determine either the Federal Carbon Charge or the Facility Carbon Charge, beyond incorporating the numerical adjustments that follow from the annual changes in the Federal Carbon Charge Rates for Marketable Natural Gas under the *Greenhouse Gas Pollution Pricing Act* (GGPPA), as outlined in Table A-1? If so, please describe.

Response:

a) No, Enbridge Gas does not anticipate making any changes in future FCPP-related applications to the methodology used in Exhibits B and D of its Updated Application, to determine either the Federal Carbon Charge or the Facility Carbon Charge, beyond incorporating the numerical adjustments that follow from the annual changes in the Federal Carbon Charge Rates for Marketable Natural Gas as set out at Exhibit A, Table A-1.

ENBRIDGE GAS INC.

Answer to Interrogatory from
OEB Staff (STAFF)

INTERROGATORY

Reference:

Exhibit B (updated) / pp. 2-4 of 5

Preamble:

Enbridge Gas describes how it determines which customers are exempted from being charged the Federal Carbon Charge on their natural gas bills.

Questions:

a) Please clarify whether the “exemption certificate” Enbridge Gas uses as a basis to exempt customers from being billed the federal carbon charge is a certificate issued by the Canada Revenue Agency (CRA) or a self-declaration form which does not receive CRA approval.

b) If the latter, does Enbridge Gas have any additional measures in place to prevent misuse of this form by customers who should be subject to the federal carbon charge?

Response:

OEB Staff’s interrogatory submissions labelled these questions parts b) and c) and did not include a part a). Enbridge Gas assumes that this labelling was made in error and has re-labelled these questions parts a) and b) for purposes of this response.

a) The exemption certificate Enbridge Gas requires in order to exempt customers from the Federal Carbon Charge is a Canada Revenue Agency (“CRA”) form that is populated by the customer.[1]

b) Customers that have registered and been approved for exemption under the *Greenhouse Gas Pollution Pricing Act* (“GGPPA”) as a Registered Distributor, Registered User of Fuel or Registered Emitter, receive a CRA-issued Registration

[1] https://www.canada.ca/en/revenue-agency/services/tax/excise-taxes-duties-levies/fuel-charge/relief.html

Confirmation Letter confirming the entity's exemption status. For these customers, Enbridge Gas requires the exemption certificate and CRA-issued Registration Confirmation Letter as an additional measure to confirm the customer's exemption status and start date.

Greenhouse operators do not register with the CRA and must self-declare their partial exemption from the Federal Carbon Charge by populating the CRA exemption certificate and submitting the form to Enbridge Gas. During the early months of the program, Enbridge Gas sent emails to greenhouse customers requesting that they review the greenhouse definitions within the GGPPA prior to submitting their exemption certificate, to ensure that their business meets the definition of an eligible greenhouse operator and eligible greenhouse activity. An example of an email sent to greenhouse customers is provided in Attachment 1. The CRA has since updated the greenhouse exemption certificate with definitions of what qualifies as an eligible greenhouse and a new section that requires the greenhouse operator to declare that they are a greenhouse operator within the meaning of the GGPPA and the Fuel Charge Regulations.[2] For greenhouse customers submitting this updated exemption certificate, this box must be checked for Enbridge Gas to process their exemption.

Another measure Enbridge Gas has implemented to prevent misuse is a facility declaration form that all customers must complete and submit in order to receive the applicable exemption. The facility declaration form requires customers to specify which of their facility accounts are eligible for exemption under the GGPPA.

[2] Fuel Charge Regulations, SOR-2018-12187, part 5.

Greenhouse Operator Email Example:

Enbridge Gas has received your Facility Declaration Form. Action may be required under the Government of Canada's Federal Carbon Pricing Program.

On Mar. 20, 2019, the federal government released draft regulations amending the Fuel Charge Regulations under the Greenhouse Gas Pollution Pricing Act, including provisions pertaining to greenhouse operators.

We request that you complete the following steps to allow Enbridge Gas to process your exemption (such that only 20 per cent of the federal carbon charge will apply):

1) Ensure the information you provided on your Facility Declaration Form is accurate:

   a. Review the definitions released in the draft regulations pertaining to greenhouse operations to ensure your business meets the definition of ***greenhouse operator*** and ***eligible greenhouse***.
   The term "greenhouse operator" means a person that carries on a business of growing vegetables, fruits, bedding plants, flowers, ornamental plants, tree seedlings, medicinal plants or other plants in eligible greenhouses with a reasonable expectation of profit.
   The term "eligible greenhouse" means a greenhouse all or substantially all of which is used for the growing of vegetables, fruits, bedding plants, flowers, ornamental plants, tree seedlings, medicinal plants or other plants.

   b. Review the fuel use **for each account** you listed on your Facility Declaration Form to ensure it meets the definition of ***eligible greenhouse activity***.
   The term "eligible greenhouse activity" means the use of a qualifying greenhouse fuel (as defined below) to heat an eligible greenhouse or to supplement carbon dioxide in an eligible greenhouse in order to grow or produce plants.
   The term "qualifying greenhouse fuel" means a type of fuel that is marketable natural gas (as defined in Section 3 of the Act) or propane.

   c. If any of the account numbers you provided do not meet the criteria published in the draft regulations, please notify us **immediately** and send an updated Facility Declaration Form, to uglcontractingteam@uniongas.com or contractsupportandcompliance@enbridge.com, as appropriate.

2) Review and understand your ongoing obligation under Part 5, Section 7 of the draft regulation, which states that if a qualifying greenhouse fuel that is delivered by a registered distributor (e.g., Enbridge Gas) is used by the greenhouse operator otherwise than in eligible greenhouse activities, the greenhouse operator must pay a charge in respect of the fuel to the federal government.

3) If you have not already done so, submit completed Form L404 to uglcontractingteam@uniongas.com or contractsupportandcompliance@enbridge.com. In order to process your exemption Enbridge Gas requires your Facility Declaration Form **and** Form L404.

In the event that Enbridge Gas does not receive updated information, we will rely on the accuracy and completeness of the information that has been provided. As stated in Form L404, it is the responsibility of the greenhouse operator to provide correct and complete information.

Please contact uglcontractingteam@uniongas.com or your Enbridge account manager with any questions.

ENBRIDGE GAS INC.

Answer to Interrogatory from OEB Staff (STAFF)

INTERROGATORY

Reference:

Exhibit B, Tab 1, Schedule 4 / p. 1 of 1

Preamble:

Enbridge Gas forecasts its Output-Based Pricing System (OBPS) obligation for the EGD rate zone, which includes an estimate of average emissions intensity for Enbridge Gas' compressor facilities (based on historic values).

Questions:

a) Please explain why the average emissions intensity for EGD's OBPS volumes (compressor facilities) was much higher for 2016-2018 (0.664 t CO_2e/MWh), than for 2016-2017 (0.599 t CO_2e/MWh).[1]

Response:

a) Emissions intensity is calculated as a ratio of the sum of the total compressor station emissions to the total natural gas transmission production. The total compressor station emissions include emissions related to: (i) the combustion of compressor fuel gas; (ii) the combustion of fuel gas for generators and boilers located on site; and (iii) emissions due to flaring. Total natural gas transmission production represents the amount of work done by compressors in order to transport gas. Emissions intensity fluctuates annually due to weather, customer demand and maintenance activities.

   Enbridge Gas's 2016-2017 emissions and production data was initially collected as part of the preliminary data collection during the Environment and Climate Change Canada's ("ECCC") OBPS consultation process (Spring of 2018), prior to the release of the draft OBPS regulations (released December 20, 2018) and the final OBPS regulation (published in Gazette II on July 10, 2019). Enbridge Gas's 2019 Federal Carbon Pricing Program ("FCPP") application (EB-2018-0205), was based on the best available information at the time of submission.

[1] EB-2018-0205, Exhibit B, Tab 1, Schedule 4.

Following the Board's Decision and Order on Enbridge Gas's 2019 FCPP application, this information was subsequently updated by Enbridge Gas as the OBPS regulation framework became more defined and better emissions and production data became available. This refined data was included in the final submission of historical production and emission data to ECCC (January 29, 2019) for development of the production-weighted national average emissions intensity. The average 2016-2017 emissions intensity as submitted to ECCC, was 0.625 tCO_2e/MWh.

With the OBPS regulation coming into effect January 1, 2019, emissions and production data is now being tracked for the purposes of this regulation and as such Enbridge Gas expects the quality of this data to continue to improve going forward.

ENBRIDGE GAS INC.

Answer to Interrogatory from
OEB Staff (STAFF)

INTERROGATORY

Reference:

Exhibit C (updated) / pp. 5-11, 13-18 of 18

Preamble:

Enbridge Gas seeks approval to recover 2019 administration costs of $1.60 million, and forecasts administration costs of $3.54 million in 2020.

Questions:

a) Please describe any actions Enbridge Gas has taken to minimize FCPP-related 2019 actual and 2020 forecast administration costs as per the OEB's direction in EB-2018-0331 that Enbridge Gas "look for ways to administer the new program in a cost efficient manner" (Decision and Order, August 22, 2019, p. 10).

Response:

a) As set out in its Updated Application at Exhibit C, p. 8, Enbridge Gas has taken the following actions to minimize federal carbon pricing program ("FCPP")-related administration costs:

   - Staffing costs were minimized in 2019 by reducing the number of full time equivalents ("FTEs") from 6 to 4, effective May 1, 2019, as a result of merging the former EGD and Union Carbon Strategy teams; and
   - Consulting and legal support costs continue to be minimized by leveraging internal staff to complete FCPP-related work wherever possible and appropriate.

   Enbridge Gas will continue to look for ways to administer the FCPP program in a cost-efficient manner going forward in 2020 and beyond.

ENBRIDGE GAS INC.

Answer to Interrogatory from
OEB Staff (STAFF)

INTERROGATORY

Reference:

Exhibit C (updated) / p. 7, pp. 14-15 of 18

Preamble:

Enbridge Gas seeks approval to recover 2019 administration costs of $0.41 million of revenue requirement associated with Cap-and-Trade (C&T) related billing system functionality costs re-purposed to collect GGPPA-related charges, and forecasts an additional $0.40 million of revenue requirement in 2020 for these billing system costs.

Questions:

a) Please provide a detailed explanation of the C&T related billing system functionality changes that have been re-purposed to collect GGPPA-related charges.

b) Please clarify the total amount of Enbridge Gas' capital spending by year on C&T related billing system functionality that has been re-purposed to collect GGPPA-related charges (for all years where such capital costs were incurred), and the calculation of the revenue requirement in each year (including years beyond 2020, if applicable) for these capital costs.

c) Does Enbridge Gas have any C&T related billing functionality system capital costs that are not fully depreciated, for changes that could not be re-purposed to collect GGPPA-related charges, and if so, does Enbridge Gas intend to seek recovery of these costs in any future proceeding? If so, please describe.

Response:

a) In 2016, both Enbridge Gas Distribution Inc. ("EGD") and Union Gas Limited ("Union") implemented changes to billing systems to allow for the collection of Cap-and-Trade revenues. These changes were capitalized, thus resulting in an annual revenue requirement. A high-level listing of the billing system changes to enable the collection of Cap-and-Trade revenues includes:

- Development of cost causation components for the collection of facility and customer-related costs;
- Incorporation of the customer and facility-related Cap-and-Trade charges into the “Delivery” line item;
- Creation of a flag to enable large final emitters to be exempt from the customer-related Cap-and-Trade charges;
- Updates to existing financial reporting systems; and
- System testing and deployment.

Please see the response at Exhibit I.SEC.1, for a listing of the changes required to enable the Cap-and-Trade billing system to collect revenues associated with the GGPPA.

b) Please see Attachments 1 and 2 for capital spending and the calculation of the revenue requirement associated with Cap-and-Trade-related billing system modifications for each of the EGD rate zone and Union rate zones, respectively.

c) No, all Cap-and-Trade billing system functionality has been re-purposed to collect GGPPA-related charges and continues to be depreciated as reflected in the revenue requirements discussed in part b).

EGD Rate Zone
2016 - 2021 Cap and Trade IT Billing System Revenue Requirement

Line No.	Particulars ($000's)	2016	2017	2018	2019	2020	2021
	Cost of capital						
1	Capital expenditures	561.3	2.9	0.0	0.0	0.0	0.0
2	Rate base	23.4	504.2	384.3	264.3	144.3	29.7
3	Required rate of return	6.30%	6.02%	6.07%	6.01%	6.19%	6.19%
4	Cost of capital	1.5	30.4	23.3	15.9	8.9	1.8
	Cost of service						
5	Gas costs	-	-	-	-	-	-
6	Operation and Maintenance	-	-	-	-	-	-
7	Depreciation and amortization	-	119.9	120.0	120.0	120.0	84.3
8	Municipal and other taxes	-	-	-	-	-	-
9	Cost of service	-	119.9	120.0	120.0	120.0	84.3
	Misc. & Non-Op. Rev						
10	Other operating revenue	-	-	-	-	-	-
11	Other income	-	-	-	-	-	-
12	Misc, & Non-operating Rev.	-	-	-	-	-	-
	Income taxes on earnings						
13	Excluding tax shield	(74.4)	(74.7)	(0.4)	-	-	-
14	Tax shield provided by interest expense	(0.2)	(3.8)	(2.9)	(1.9)	(1.1)	(0.2)
15	Income taxes on earnings	(74.6)	(78.5)	(3.3)	(1.9)	(1.1)	(0.2)
	Taxes on (def) / suff.						
16	Gross (def.) / suff.	99.5	(97.6)	(190.5)	(182.3)	(173.9)	(116.9)
17	Net (def.) / suff.	73.1	(71.7)	(140.0)	(134.0)	(127.8)	(85.9)
18	Taxes on (def.) / suff.	(26.4)	25.9	50.5	48.3	46.1	31.0
19	**Revenue requirement**	(99.5)	97.7	190.5	182.3	173.9	116.9
	Revenue at existing Rates						
20	Gas sales	0.0	0.0	0.0	0.0	0.0	0.0
21	Transportation service	0.0	0.0	0.0	0.0	0.0	0.0
22	Transmission, compression and storage	0.0	0.0	0.0	0.0	0.0	0.0
23	Rounding adjustment	0.0	0.1	0.0	0.0	0.0	0.0
24	Revenue at existing rates	0.0	0.1	0.0	0.0	0.0	0.0
25	**Gross revenue (def.) / suff.**	99.5	(97.6)	(190.5)	(182.3)	(173.9)	(116.9)

Union Gas Rate Zones
Cap & Trade IT Project Revenue Requirement

Line No.	Particulars ($000's)	2016 (a)	2017 (b)	2018 (c)	2019 (d)	2020 (e)	2021 (f)
	Rate Base Investment						
1	Capital Expenditures	454	219	-	-	-	-
2	Average Investment	2	561	422	269	141	73
	Revenue Requirement Calculation:						
	Operating Expenses:						
3	Operating and Maintenance Expenses (1)	-	-	-	-	-	-
4	Depreciation Expense (2)	49	125	153	153	105	30
5	Property Taxes	-	-	-	-	-	-
6	Total Operating Expenses	49	125	153	153	105	30
7	Required Return (5.37% x line 2) (3)	0	30	23	14	8	4
	Income Taxes:						
8	Income Taxes - Equity Return (4)	0	7	5	3	2	1
9	Income Taxes - Utility Timing Differences (5)	(53)	(67)	13	53	36	9
10	Total Income Taxes	(53)	(60)	17	56	37	10
11	Total Revenue Requirement (line 6 + line 7 + line 10)	(4)	95	193	223	150	43
12	Incremental Project Revenue	-	-	-	-	-	-
13	Net Revenue Requirement (line 11 - line 12)	(4)	95	193	223	150	43

Notes:
(1) Expenses include salaries and wages, employee-related expenses, fleet costs, materials and operating expenses.
(2) Depreciation expense at 2013 Board-approved depreciation rates.
(3) The required return of 5.37% assumes a capital structure of 64% long-term debt at the 2016 actual rate of 3.36% and 36% common equity at the 2013 Board-approved return of 8.93% (0.64 * 0.0336 + 0.36 * 0.0893).
(4) Taxes related to the equity component of the return at a tax rate of 26.5%.
(5) Taxes related to utility timing differences are negative as the capital cost allowance deduction in arriving at taxable income exceeds the provision of book depreciation in the year.

ENBRIDGE GAS INC.

Answer to Interrogatory from
OEB Staff (STAFF)

INTERROGATORY

Reference:

Exhibit C (updated) / p. 17 of 18; Exhibit C (original) / p. 15 of 16

Preamble:

Enbridge Gas notes that “ongoing COVID-19 related conditions may impact bad debt related to the GGPPA costs beyond what Enbridge Gas would typically forecast” and that “absent COVID-19 impacts”, Enbridge Gas forecasts $1.84 million in bad debt costs in 2020.

Questions:

a) Please provide Enbridge Gas’ methodology to calculate the forecast bad debt cost of $1.84 million for 2020, and explain why the forecast cost is higher than Enbridge Gas’ 2020 bad debt forecast ($0.9 million) in its original EB-2019-0247 Application and Evidence filed November 11, 2018.

b) Please confirm that the forecast bad debt cost of $1.84 million in 2020 does not account for any potential COVID-19 impacts.

c) Does Enbridge Gas have any updated estimate of forecast bad debt in 2020, accounting for potential COVID-19 impacts? If so, please provide.

Response:

a) Enbridge Gas forecasts bad debt by calculating the percent increase in revenue the Company will experience due to the Federal Carbon Pricing Program (“FCPP”) and multiplying the FCPP-related percentage increase in revenue by Enbridge Gas’s total forecasted bad debt.

   2020 FCPP Charges Billed =
   2020 Customer Volumes x Federal Carbon Charge Rate

   2020 % Revenue Increase =
   2020 FCPP Charges Billed ÷ 2020 Forecasted Company Revenue

2020 Federal Carbon Bad Debt =
2020 % Revenue Increase x 2020 Forecasted Company Bad Debt

The respective calculations applied in Enbridge Gas's Updated Application for the EGD rate zone and Union rate zones follow:

<u>EGD Rate Zone Bad Debt Calculation</u>
2020 FCPP Charges Billed =

	Customer-related (10^3 m^3)	**Facility related – own use (10^3 m^3)**	**Facility related – OBPS (tCO_2e)**	**Federal Carbon Charge Rate**	**2020 FCPP Charge Billed ($)**
Jan – Mar 2020	5,007,792	2,707		$0.0391/$m^3$	195,910,518
Apr – Dec 2020	5,608,404	3,692		$0.0587/$m^3$	329,430,050
Jan – Dec 2020			13,218	$30/$tCO_2e$	396,540
Total					**525,737,108**

2020 % Revenue Increase
$525,737,108 ÷ $2,388,968,655 = 22.0%

2020 Federal Carbon Bad Debt
22% x $4,572,000 = $1,006,154

<u>Union Rate Zones Bad Debt Calculation</u>
2020 FCPP Charges Billed =

	Customer-related (10^3 m^3)	**Facility related – own use (10^3 m^3)**	**Facility related – OBPS (tCO_2e)**	**Federal Carbon Charge Rate**	**2020 FCPP Charge Billed ($)**
Jan – Mar 2020	2,986,209	5,536		$0.0391/$m^3$	116,977,221
Apr – Dec 2020	3,908,104	5,031		$0.0587/$m^3$	229,701,027
Jan – Dec 2020			94,944	$30/$tCO_2e$	2,848,313
Total					**349,526,561**

2020 % Revenue Increase
$349,526,561÷ $1,684,267,372 = 20.8%

2020 Federal Carbon Bad Debt
20.8% x $3,996,300 = $829,330

Total 2020 Forecasted Bad Debt for EGI = $1,835,484

The 2020 bad debt forecast set out in Enbridge Gas's original application (filed November 11, 2019) omitted consideration of the increased cost of carbon emissions effective April 1, 2020 (as set out in Enbridge Gas's Updated Application at Exhibit A, Table A-1) and allocated a uniform % revenue increase across all rate zones.[1] Enbridge Gas's Updated Application correctly factors the increased cost of carbon emissions effective April 1, 2020 into the calculation and utilizes a harmonized methodology to forecast bad debt across all rate zones.

b) Confirmed.

c) As Enbridge Gas has only two months of data available related to COVID-19 pandemic impacts in 2020, it is not able to provide an updated estimate with certainty at this time.

[1] 10% x $8,568,300 = $856,830

ENBRIDGE GAS INC.

Answer to Interrogatory from
OEB Staff (STAFF)

INTERROGATORY

Reference:

Exhibit C (updated) / pp. 12-13, 16 of 18

Preamble:

Enbridge Gas seeks to dispose of the 2019 balance in its FCCFVA, and notes 2019 costs of $2.2 million from its OBPS obligation. Enbridge Gas also notes that its 2019 OBPS report will be verified in 2020 by a third-party auditor.

Questions:

a) Please confirm whether the deadline for remitting payment to the federal government for Enbridge Gas' 2019 OBPS obligation is December 15, 2020, and indicate whether or not Enbridge Gas has already remitted payment of its 2019 OBPS obligation to the federal government.

b) Is Enbridge Gas considering options to meet its 2019 OBPS obligation other than paying the federal carbon price on excess emissions, such as purchasing surplus credits or offset credits? If so, please describe, and provide any additional information on policy or regulatory developments that affect the use of these options, subsequent to Enbridge Gas' interrogatory response in its 2019 Federal Carbon Pricing application.[2] If Enbridge Gas has already remitted payment for its 2019 OBPS obligation, please describe whether and how Enbridge Gas considered these options prior to remitting payment.

c) If Enbridge Gas' final 2019 OBPS obligation ends up being different from the value of $2.2 million used in Enbridge Gas' calculations in this Application for the balance in the FCCFVA account, e.g., due to use of surplus credits or offset credits, or adjustments due to the third-party verification of Enbridge Gas' 2019 OBPS report, please indicate whether and how Enbridge Gas would seek to dispose of this variance.

[2] EB-2018-0205, Exhibit I.STAFF.3.

Response:

a) Not confirmed.

Given the constraints on businesses due to the COVID-19 pandemic, the Federal Government has amended the *Output-Based Pricing System (OBPS) Regulations* to delay reporting and compliance deadlines in 2020.[3] The regular-rate compensation deadline for the 2019 OBPS compliance period has been moved from December 15, 2020 to April 15, 2021.

As of the time of this submission, Enbridge Gas has not yet remitted its 2019 OBPS obligation to the federal government.

b) Enbridge Gas is considering all available options, including purchasing surplus credits or offset credits once they are available, to meet its compliance obligation under OBPS. In its Updated Application, Enbridge Gas has assumed that it will satisfy its 2019 OBPS obligation by paying the Federal Carbon Charge as:

- It is not anticipated that federal offset credits will be available in time to satisfy its 2019 compliance obligation. The federal government publication of the draft offset regulations has been delayed to the fall of 2020 due to the COVID-19 pandemic. Given this delay, it is not anticipated there will be enough time for offset developers to implement projects and to complete the necessary administrative steps to generate credits in time for the 2019 compliance deadline (April 15, 2021).

- Surplus credits will only become available at some date after the compliance reports are submitted; the deadline for compliance reports is currently October 1, 2020. As a result, it is currently not possible to know what parties will have surplus credits, how many credits will be available, or the market price for such credits. The system to track credits and to transact between parties is also not yet available, and it is not clear how parties who want to buy credits will be connected with parties who have surplus credits for sale. Accordingly, Enbridge Gas does not expect that it will be possible to procure any meaningful amount of surplus credits before the 2019 compliance deadline (April 15, 2021).

c) If Enbridge Gas's final 2019 OBPS obligation varies from the value of $2.2 million included in its Updated Application (corrected to $1.97 as discussed in the response at Exhibit I.STAFF.9), Enbridge Gas will record the variance (likely a credit to

[3] Extension of the compensation deadline for 2019 compliance period was published in Canada Gazette II on June 10, 2020: http://gazette.gc.ca/rp-pr/p2/2020/2020-06-10/html/sor-dors114-eng.html

ratepayers) in the FCCFVAs and will seek to dispose of this variance through a future FCPP-related application (please also see the response at Exhibit I.STAFF.1, for discussion of the timing for future FCPP-related applications).

ENBRIDGE GAS INC.

Answer to Interrogatory from
OEB Staff (STAFF)

INTERROGATORY

Reference:

Exhibit C / pp. 12-13 of 18; Exhibit B, Appendix A, p. 2 of 3

Preamble:

Enbridge Gas notes 2019 facility-related costs of $2.58 million for its regulated operations, and records a variance (under-collection) of $1.22 million in the FCCFVA as of December 31, 2019, attributable in part to a variance of $0.25 million between forecast and actual facility-related costs.

Questions:

a) Please provide the supporting calculations used to determine Enbridge Gas' actual 2019 regulated facility-related costs due to OBPS and Company Use volumes/emissions that are shown in Column 5 of Table C-2 (e.g. tables similar to Exhibit B, Tab 1, Schedules 2-5 and Exhibit B, Tab 2, Schedules 2-5, but for actual 2019 values instead of 2020 forecasts).

b) From the above data, please provide a comparison of the 2019 average emission intensity for Enbridge Gas' compressor emissions in the EGD and Union rate zones to the 2019 Sector Emissions Intensity target established by the federal government, and to 125% of the Sector Emissions Intensity target.

c) Enbridge Gas' application (Exhibit B, Appendix A, p. 2 of 3) indicates that 125% of the Sector Emissions Intensity target equals the federal government's estimate of the production-weighted average emissions intensity of companies in the natural gas pipeline sector. If the 2019 average emissions intensity for Enbridge Gas' compressor emissions differs significantly from this value, please explain why.

d) In Enbridge Gas' view, is it feasible to reduce the emissions intensity of Enbridge Gas' compressor emissions to the Sector Emissions Intensity target? Why or why not?

e) Please explain why Enbridge Gas' 2019 regulated facility-related volumes/emissions (and thus facility-related costs) were substantially higher than previously forecast, as shown in Table C-2.

f) Did Enbridge Gas undertake any actions to reduce 2019 regulated facility-related volumes/emissions (either Company Use or OBPS), and hence, to reduce 2019 facility-related costs? If not, why not? If so, please provide details on the actions undertaken and the estimated reductions in regulated facility-related emissions and costs.

g) Please provide an update on Enbridge Gas' Facility GHG Emission Reduction Program,[3] including any planned actions in the Program intended to reduce regulated facility-related volumes/emissions and facility-related costs in 2020 and subsequent years.

Response:

a) In accordance with OBPS regulations, Enbridge Gas is required to have its annual OBPS report verified by a third-party auditor (by June 1st annually). For 2019, the verification will be completed and submitted by October 1, 2020, due to delays resulting from the COVID-19 pandemic. In support of such verification, Enbridge Gas engaged a third-party auditor to complete a pre-verification of the preliminary 2019 OBPS data. Emissions and production values presented in evidence were based upon those preliminary pre-verification numbers. Since the pre-verification occurred, Enbridge Gas has begun the process of having the 2019 OBPS report verified for the October 1, 2020 submission. During this verification process, a discrepancy was identified. This discrepancy was a result of a change, that occurred mid-2019, in the method in which flaring volumes were captured. This discrepancy has reduced Enbridge Gas's OBPS obligation by approximately $0.25 million from what was filed in its Updated Application. Accordingly, Enbridge Gas's corrected 2019 facility-related obligation is $2.67 million (was $2.92 million in Enbridge Gas's Updated Application); approximately $0.38 million related to Company Use Volumes and $2.3 million related to OBPS Volumes.[4] Of the $2.67 million, $2.34 million is attributable to Enbridge Gas's regulated utility operations (approximately $0.38 million related to Company Use Volumes and $1.97 million related to OBPS Volumes).

[3] EB-2018-0205, Exhibit I.CME.1, April 29, 2019.
[4] Inclusive of regulated and unregulated volumes and associated costs.

As a result of this correction, Enbridge Gas has updated the 2019 facility-related variance incurred under the FCPP (was $1.22 million in Enbridge Gas's Updated Application) and recorded $0.98 million in the FCCFVA, including $0.22 million for the EGD rate zone and $0.76 million for the Union rate zones.[5] See Table 1 below for reconciliation of facility-related costs, related to Enbridge Gas's regulated utility operations, to the FCCFVA.

Table 1

Particulars ($)	**EGD Rate Zone**	**Union Rate Zones**
OBPS Costs	237,778	1,729,214
Company Use Costs	147,678	228,423
Total Facility Costs	385,456	1,957,637
Billed Revenue	166,961	1,205,898
Variance in FCCFVAs[5]	218,495	751,739
Interest[6]	2,800	9,575
Total Variance in FCCFVA	221,295	761,314

The variance is due to a difference between the actual and forecast facility-related costs, and a variance in the amount of revenue billed through the Facility Carbon Charge. Table 2 below outlines the variance due to each of these factors.

Table 2

<table>
<tr><th colspan="2">Variance Factors</th><th>Variance</th></tr>
<tr><td colspan="2">Variance in Facility Costs[7]</td><td>0.02</td></tr>
<tr><td rowspan="2">Variance in Billed Revenue</td><td>Delayed Rate Implementation</td><td>0.93</td></tr>
<tr><td>Forecast vs Actual Customer Volumes</td><td>0.02</td></tr>
</table>

[5] Includes interest of $0.01 million.
[6] When Enbridge Gas submitted its Updated Application, the Q3 2020 Ontario Energy Board ("OEB") prescribed interest rate was not available. The Q2 2020 OEB prescribed interest rate of 2.18% was used to forecast interest through to the proposed disposition on or commencing October 1, 2020. On June 16, 2020, the OEB released the Q3 2020 prescribed interest rate of 1.38%. Interest has been calculated using the newly released prescribed rate.
[7] See part e) Table 4.

Total[8]	**0.97**

Although, 2019 emissions and production values are currently under review and still subject to change during the third-party verification, the emissions and production values presented in Attachments 1 and 2, have been updated to reflect the most current information available at the time of this submission. Please see the response at Exhibit I.STAFF.8 c), for discussion regarding how Enbridge Gas intends to address any variance resulting from adjustments due to third-party verification or as a result of use of surplus credits or offset credits.

As set out in its Updated Application at Exhibit D, p. 2, Enbridge Gas will file a draft rate order for final rates, reflecting this correction, following the issuance of the OEB's final decision and order for this application.

b) As indicated in the response to part a) above, the emissions intensities provided below are currently under review, still subject to third-party verification and are based on the most current calculations available at the time of this submission. Table 3 is a comparison of the 2019 preliminary emissions intensity as calculated for the EGD and Union rate zones, and Enbridge Gas as a whole, to the natural gas transmission sector emissions intensity target, and to the production-weighted national average emissions intensity (125% of the sector emissions intensity target).

Table 3

	2019 Emissions Intensity	**Sector Emissions Intensity Target**	**Production-Weighted National Average Emissions Intensity**	**Comparison of 2019 Emissions Intensity to Production-Weighted National Average Emissions Intensity**[9]
	(tCO2e/MWh)	(tCO2e/MWh)	(tCO2e/MWh)	(%)
EGD Rate Zone	0.658	0.393	0.491	34%
Union Rate Zones	0.571	0.393	0.491	16%
Total	0.578	0.393	0.491	18%

c) As indicated in the table presented in the response to part b) above, the preliminary Enbridge Gas 2019 emissions intensity is calculated to be 0.578 tCO_2e/MWh, which

[8] Does not include interest of $0.01 million.
[9] Comparison of 2019 Emissions Intensity to Production-Weighted National Average Emissions Intensity = ((2019 Emissions Intensity – Production-Weighted National Average Emissions Intensity) ÷ Production-Weighted National Average Emissions Intensity) * 100

is 118% of the production-weighted national average emissions intensity. This can be attributed to how the various pipelines within Canada are operated and configured: bullet pipelines which have steady state operations versus highly integrated pipeline systems, that operate as peaking systems and are subject to customer demand. While Enbridge Gas falls within the latter category and is therefore subject to variability in customer demand, the national average emissions intensity is driven downwards by the relatively large contribution of the bullet pipelines, on a production (MWh) basis, within the sector.

d) Starting in 2019, Enbridge Inc. implemented a Carbon and Energy Efficiency ("CEE") Plan to identify emission reduction opportunities at each of its business units, including Enbridge Gas. As the CEE Plan is in the early stages, we have currently not identified cost-effective opportunities that will result in significant reductions in emissions related to stationary combustion and flaring and therefore that will reduce the emission intensity under OBPS. The Company notes that it may not be feasible to reduce the emissions intensity of Enbridge Gas's compressor emissions to the Sector Emissions Intensity target due to the nature of its system in relation to how the target was set, as discussed above in response to part c).

e) As indicated in the response to part a) above, the Enbridge Gas 2019 OBPS calculations are currently under review and still subject to third-party verification. Table C-2 from Enbridge Gas's original application (November 18, 2019) and Updated Application has been revised in Table 4 below using the most current calculations available at the time of this submission. As the forecast is based on historical averages, actuals will vary from the forecast subject to weather variability and customer demand.

Table 4
2019 Regulated Facility-Related Volumes/Emissions and Costs

	2019 Forecasted Volumes & Emissions[10]	**2019 Forecasted Costs ($millions)**	**2019 Volumes & Emissions**[11]	**2019 Costs ($millions)**	**Variance ($millions)**
Company Use	8,178 103 m^3	0.32	9,619 103 m^3	0.38	0.06
OBPS	100,643 tCO_2e	2.01	98,350 tCO_2e	1.97	(0.04)
Total	-	2.33	-	2.35	0.02

f) Please see the response to part d) above.

[10] Exhibit I.STAFF.9 Attachments 3 and 4.
[11] Exhibit I.STAFF.9 Attachments 1 and 2.

g) Please see the response at Exhibit I.EP.5 c), for discussion of the Facility GHG Emission Reduction Program ("FGERP") and its successor program the CEE Plan.

Enbridge Gas Inc.
EGD Rate Zone
2019 Actual Facility-Related Volumes
(10^3m^3)

		Col. 1	Col. 2	Col.3 (Col. 1 + Col.2)
Line No.	Particulars	Utility Amount (regulated)	Non-Utility Amount (unregulated)	Total Amount
1	Total Company Use[1]	3,777	-	3,777
2	Compressor Fuel[2]	14,400	2,373	16,774
3	Flared Volumes[3]	75	0	75
4	Dehydrator Incinerator Volumes[4]	268	0	268
5	Total Facility-Related	18,519	2,373	20,893

Notes:
(1) Actual Company-Use volumes for April 1, 2019 to December 31, 2019.
(2) Actual Compressor Fuel for January 1 to December 31, 2019.
(3) Actual Flared Volumes for January 1 to December 31, 2019.
(4) Actual Dehydrator Incinerator Volumes for January 1 to December 31, 2019.

Enbridge Gas Inc.
EGD Rate Zone

Table 1
2019 Actual Compressor Station Emissions

Line No.	Particulars	Col. 1 Volumes[1] (10^3m^3)	Col. 2 CO_2 Emissions[2] (Tonnes CO_2)	Col. 3 CH_4 Emissions[3] (Tonnes CH_4)	Col. 4 N_2O Emissions[4] (Tonnes N_2O)	Col. 5 CO_2e Emissions[5] (Tonnes CO_2e)
1	Compressor Fuel & Transmission Ancillary Fuel	16,774	32,465	33	1	33,530
2	Flared Volumes	75	139.915	0.978	0.00027	164
3	Dehydrator Volumes	268	541	0.01	0.01	544

Notes:
(1) Exhibit I.STAFF.9, Attachment 1, p. 1, Table 1, Col. 3.
(2) Line 1: Environment and Climate Change Canada "Canada's Greenhouse Gas Quantification Requirements -December 2017", Equation 2-10.
Line 2: Final Essential Requirements of Mandatory Reporting, Equation 350-13 + Equation 305-14
Line 3: Col. 1 x Table 2, Col. 1, Line 7
(3) Line 1: Col. 1 x Table 2, Col. 2, Line 1 x Table 2, Col. 2, Line 2
Line 2: Final Essential Requirements of Mandatory Reporting, Equation 305-12
Line 3: Col. 1 x Table 2, Col. 2, Line 7
(4) Line 1: Col. 1 x Table 2, Col. 3, Line 1 x Table 2, Col. 3, Line 2.
Line 2: Final Essential Requirements of Mandatory Reporting, Equation 350-15
Line 3: Col. 1 x Table 2, Col. 3, Line 7
(5) Col. 2 + (Col. 3 x Table 3, Col. 1, Line 1) + (Col. 4 x Table 3, Col. 2, Line 1).

Table 2
Emission Factors

Line No.	Particulars	Units	Col. 1 CO_2 Emission Factor	Col. 2 CH_4 Emission Factor	Col. 3 N_2O Emission Factor
1	Natural Gas Pipelines[6]	tonne/GJ		0.00005	0.0000013
2	Combustion Heat Value[7]	$GJ/10^3m^3$		38.77	38.77
3	Flaring Heat Value[8]	$GJ/10^3m^3$		38.45	38.45
4	Carbon Content[9]	kg C/m^3	0.528		
5	Density	kg/m^3	1.861	0.68	
6	Mole %[10]	%	0.14	96.69	
7	Dehydrator Emissions[11]	$tonne/m^3$	0.002	3.78E-08	3.40E-08

Notes:
(6) Environment and Climate Change Canada "Canada's Greenhouse Gas Quantification Requirements - December 2017", Table 2-4.
(7) Annual Weighted Average High Heating Value for EGD rate zone, combustion
(8) Annual Weighted Average High Heating Value for EGD rate zone, flaring
(9) Annual Weighted Average Carbon Content for EGD rate zone, combustion
(10) Annual Weighted Average mole % for EGD rate zone, flaring
(11) EGD specific dehydrator emission factors calculated following method WCI.353(d).

Table 3
Conversion Factors

Line No.	Particulars	Units	Col. 1 Methane	Col. 2 Nitrous Oxide
1	Global Warming Potential for Carbon Dioxide Equivalent[12]	Tonnes CO_2e	25	298
2	Flare Efficiency[13]	98%		
3	Mole Fraction of Hydrocarbon Constituents[14]	1.03		

Notes:
(12) Environment and Climate Change Canada "Greenhouse Gas Pollution Pricing Act, Schedule 3".
(13) Default combustion efficiency for flare as per method WCI.353(d)
(14) Annual Weighted Average Mol % of Hydrocarbon Constituents for EGD rate zone, flaring

Enbridge Gas Inc.
EGD Rate Zone
2019 Actual OBPS Obligation

Line No.	Col. 1 2019 Compressor Station Emissions[1]	Col. 2 2019 Emission Intensity[2]	Col. 3 2019 Production[3]	Col. 4 Sector Emission Intensity Target[4]	Col. 5 2019 Facility Emissions Limit[5]	Col. 6 2019 OBPS Compliance Obligation[6]
	(tCO_2e)	(tCO_2e/MWh)	(MWh)	(tCO_2e/MWh)	(tCO_2e)	(tCO_2e)
1	34,239	0.658	52,000	0.393	20,436	13,803

Notes:
(1) Exhibit I.STAFF.9, Attachment 1, p. 2, Table 1, Col. 5, Line 1 + Line 2 + Line 3
Preliminary numbers, still subject to third-party verification
(2) Col. 1 / Col. 3.
(3) Calculated in accordance with the Output Based Pricing System Regulations SOR 2019-266, Schedule 3, Part 5, Division 2, rounded to three significant figures (as per Section 33 of Regulation).
Preliminary numbers, still subject to third-party verification
(4) Value in the Output-Based Pricing System Regulations: SOR/2019-266 under the Greenhouse Gas Pollution Pricing Act, Schedule 1, Table Item 5
(5) Col. 3 x Col. 4.
(6) Col. 1 - Col. 5.

Enbridge Gas Inc.
EGD Rate Zone
2019 Summary of Actual Facility-Related Costs

Line No.	Particulars	2019 Actuals
	Actual Facility-Related Cost	
1	Company-Use Volume (10^3m^3) (1)	3,777
2	Federal Carbon Charge ($/$m^3$) (2)	0.0391
3	Company Use Costs ($)	147,678
4	OBPS Obligation (tCO_2e) (3)	13,803
5	Federal Excess Emissions Charge ($/$tCO_2e$) (2)	20.00
6	OBPS Fuel Use Costs ($)	276,059
7	OBPS Fuel Use Costs - Unregulated ($) (4)	38,281
8	OBPS Fuel Use Costs - Regulated ($)	237,778
9	**Total Facility Related Costs ($)**	**385,456**

Notes:
(1) Exhibit I.STAFF.9, Attachment 1, p. 1.
(2) EB-2019-0247, Exhibit A, Table 1.
(3) Exhibit I.STAFF.9, Attachment 1, p. 3.
(4) Unregulated OBPS costs are allocated based on pro-rata regulated/unregulated total compressor, flared and dehydrator incinerator volumes per Exhibit I.STAFF.9, Attachment 1, p. 1.

Enbridge Gas Inc.
Union Rate Zones
2019 Actual Facility-Related Volumes
(10^3m^3)

Line No.	Particulars	Col. 1 Utility Amount (regulated)	Col. 2 Non-Utility Amount (unregulated)	Col.3 (Col. 1 + Col.2) Total Amount
1	Total Company Use[1]	5,842	10	5,852
2	Compressor Fuel[2]	135,863	23,196	159,059
3	Dehydrator Incinerator Volumes[3]	1,043	0	1,043
4	Total Facility-Related	142,747	23,206	165,953

Notes:
(1) Actual Company-Use volumes for April 1, 2019 to December 31, 2019.
(2) Actual Compressor Fuel for January 1 to December 31, 2019.
(3) Actual Dehydrator Incinerator Volumes for January 1 to December 31, 2019.

Enbridge Gas Inc.
Union Rate Zones

Table 1
2019 Actual Compressor Station Emissions

Line No.	Particulars	Col. 1 Volumes[1] (10^3m^3)	Col. 2 CO_2 Emissions[2] (Tonnes CO_2)	Col. 3 CH_4 Emissions[3] (Tonnes CH_4)	Col. 4 N_2O Emissions[4] (Tonnes N_2O)	Col. 5 CO_2e Emissions[5] (Tonnes CO_2e)
1	Compressor Fuel & Transmission Ancillary	159,059	311,354	311	8	321,532
2	Dehydrator Incinerator	1,043	2,604	7	0.1	2,802

Notes:
(1) Exhibit I.STAFF.9, Attachment 2, p. 1, Table 1, Col. 3.
(2) Line 1: Environment and Climate Change Canada "Canada's Greenhouse Gas Quantification Requirements -December 2017", Equation 2-10.
Line 2: Col. 1 x Table 2, Col. 1, Line 4
(3) Line 1: Col. 1 x Table 2, Col. 2, Line 1 x Table 2, Col. 2, Line 2
Line 2: Col. 1 x Table 2, Col. 2, Line 4
(4) Line 1: Col. 1 x Table 2, Col. 3, Line 1 x Table 2, Col. 3, Line 2.
Line 2: Col. 1 x Table 2, Col. 3, Line 4
(5) Col. 2 + (Col. 3 x Table 3, Col. 1, Line 1) + (Col. 4 x Table 3, Col. 2, Line 1).

Table 2
Emission Factors

Line No.	Particulars	Units	Col. 1 CO_2 Emission Factor	Col. 2 CH_4 Emission Factor	Col. 3 N_2O Emission Factor
1	Natural Gas Pipelines[6]	Tonne/GJ		0.00005	0.0000013
2	Heat Value[7]	$GJ/10^3m^3$		39.08	39.08
3	Carbon Content[8]	kg C/m^3	0.534		
4	Dehydrator Emissions[9]	$tonne/m^3$	0.002	6.89E-06	5.81E-08

Notes:
(6) Environment and Climate Change Canada "Canada's Greenhouse Gas Quantification Requirements -December 2017", Table 2-4.
(7) Annual Weighted Average High Heating Value for Union rate zone
(8) Annual Weighted Average Carbon Content for Union rate zone
(9) UG specific dehydrator emission factors calculated following method WCI.353(d).

Table 3
Conversion Factors

Line No.	Particulars	Units	Col. 1 Methane	Col. 2 Nitrous Oxide
1	Global Warming Potential for Carbon Dioxide Equivalent[10]	Tonnes CO_2e	25	298

Notes:
(10) Environment and Climate Change Canada "Greenhouse Gas Pollution Pricing Act, Schedule 3".

Enbridge Gas Inc.
Union Rate Zones
2019 Actual OBPS Obligation

Line No.	Col. 1 2019 Compressor Station Emissions[1]	Col. 2 2019 Emission Intensity[2]	Col. 3 2019 Production[3]	Col. 4 Sector Emission Intensity Target[4]	Col. 5 2019 Facility Emissions Limit[5]	Col. 6 2019 OBPS Compliance Obligation[6]
	(tCO_2e)	(tCO_2e/MWh)	(MWh)	(tCO_2e/MWh)	(tCO_2e)	(tCO_2e)
1	324,334	0.571	568,000	0.393	223,224	101,110

Notes:
(1) Exhibit I.STAFF.9, Attachment 2, p. 2, Table 1, Col. 5. Line 1 + Line 2
Preliminary numbers, still subject to third-party verification
(2) Col. 1 / Col. 3.
(3) Calculated in accordance with the Output Based Pricing System Regulations SOR 2019-266, Schedule 3, Part 5, Division 2, rounded to three significant figures (as per Section 33 of Regulation).
Preliminary numbers, still subject to third-party verification
(4) Value in the Output-Based Pricing System Regulations: SOR/2019-266 under the Greenhouse Gas Pollution Pricing Act, Schedule 1, Table Item 5
(5) Col. 3 x Col. 4.
(6) Col. 1 - Col. 5.

Enbridge Gas Inc.
Union Rate Zones
2019 Summary of Actual Facility-Related Costs

Line No.	Particulars	2019 Actuals
	Actual Facility-Related Cost	
1	Company-Use Volume (10^3m^3) (1)	5,852
2	Federal Carbon Charge ($/$m^3$) (2)	0.0391
3	Company-Use Costs ($)	228,801
4	Company-Use Costs - Unregulated ($) (3)	378
5	Company-Use Costs - Regulated ($)	228,423
6	OBPS Obligation (tCO_2e) (4)	101,110
7	Federal Excess Emissions Charge ($/$tCO_2e$) (2)	20.00
8	OBPS Fuel Use Costs ($)	2,022,201
9	OBPS Fuel Use Costs - Unregulated ($) (5)	292,987
10	OBPS Fuel Use Costs - Regulated ($)	1,729,214
11	**Total Facility Related Costs ($)**	**1,957,637**

Notes:
(1) Exhibit I.STAFF.9, Attachment 2, p. 1.
(2) EB-2019-0247, Exhibit A, Table 1.
(3) Unregulated OBPS costs are allocated based on pro-rata regulated/unregulated total company-use volumes per Exhibit I.STAFF.9, Attachment 2, p. 1.
(4) Exhibit I.STAFF.9, Attachment 2, p. 3.
(5) Unregulated OBPS costs are allocated based on pro-rata regulated/unregulated total compressor and dehydrator incinerator volumes per Exhibit I.STAFF.9, Attachment 2, p. 1.

EGD Rate Zone
Forecast 2019 Company-Use Volumes
$10^3 m^3$

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Fleet	102	100	80	75	71	82	85	48	88	731
Buildings	135	91	83	56	73	65	87	151	112	855
Boilers/Line Heaters	420	384	91	43	36	38	129	310	573	2023
Total Company Use	658	575	254	175	180	185	301	509	773	3609

EGD Rate Zone

Table 1
2019 Forecast Compressor Emissions

Line No.	Particulars	Col. 1 Volumes[1] (10^3m^3)	Col. 2 CO_2 Emissions[2] (Tonnes CO_2)	Col. 3 CH_4 Emissions[3] (Tonnes CH_4)	Col. 4 N_2O Emissions[4] (Tonnes N_2O)	Col. 5 CO_2e Emissions[5] (Tonnes CO_2e)
1	Compressor Fuel	15,559	29,308	30	1	30,282

Notes:
(1) Exhibit B, Tab 1, Schedule 2, Line 5.
(2) Col. 1 x Table 2, Col. 1, Line 1 x Table 2, Col. 1, Line 2.
(3) Col. 1 x Table 2, Col. 2, Line 1 x Table 2, Col. 2, Line 2.
(4) Col. 1 x Table 2, Col. 3, Line 1 x Table 2, Col. 3, Line 2.
(5) Col. 2 + (Col. 3 x Table 3, Col. 1, Line 1) + (Col. 4 x Table 3, Col. 2, Line 1).

Table 2
Emission Factors

Line No.	Particulars	Units	Col. 1 CO_2 Emission Factor[6]	Col. 2 CH_4 Emission Factor[7]	Col. 3 N_2O Emission Factor[7]
1	Boilers & Compressor Fuel Volumes	Tonne/GJ	0.04903	0.00004958	0.000001305
2	Budget Heat Value[8]	$GJ/10^3m^3$	38.42	38.42	38.42

Notes:
(6) Ontario Ministry of Environment, Conservation and Parks "Guideline for Quantification, Reporting and Verification of Greenhouse Gas Emissions - Effective August 2018", Table 20-3.
(7) Ontario Ministry of Environment, Conservation and Parks "Guideline for Quantification, Reporting and Verification of Greenhouse Gas Emissions - Effective August 2018", Table 20-4.
(8) Assumed Budget Heat Value = 38.42 $GJ/10^3m^3$. This value should be assumed as a placeholder. In calculating actual emissions, actual heating value will be used.

Table 3
Conversion Factors

Line No.	Particulars	Units	Col. 1 Methane[9]	Col. 2 Nitrous Oxide[9]
1	Global Warming Potential for Carbon Dioxide Equivalent	Tonnes CO_2e	25	298

Notes:
(9) Environment and Climate Change Canada "Technical Guidance on Reporting Greenhouse Gas Emissions - 2017 Data", Table 1.

EGD Rate Zone

2019 Forecast OBPS Obligation

Line No.	Col. 1 2019 Forecast Compressor Emissions[1]	Col. 2 2016 - 2017 EGD Average Emission Intensity	Col. 3 2019 Forecast Production[2]	Col. 4 2019 Sector Emission Intensity Target[3]	Col. 5 Facility Emissions Limit[4]	Col. 6 OBPS Compliance Obligation[5]
	(tCO_2e)	(tCO_2e/MWh)	(MWh)	(tCO_2e/MWh)	(tCO_2e)	(tCO_2e)
1	30,282	0.599	50,564	0.419	21,186	9,096

Notes:

(1) Exhibit B, Tab 1, Schedule 3, Table 1, Col. 5.

(2) Col. 1 / Col. 2.

(3) Based on value in Regulatory Proposal for the Output-Based Pricing System Regulations under the Greenhouse Gas Pollution Pricing Act

(4) Col. 3 x Col. 4.

(5) Col. 1 - Col. 5.

EGD Rate Zone
2016 - 2017 Average Emission Intensity

			Column 1	Column 2	Column 3 (column 2 / column 1)
Rate Zone	**Province**	**Year**	**RPM adjusted Engine Output**	**GHG Emissions from Stationary Combustion in Engines**	**Carbon Intensity Metric**
			(MW-h)	*(t CO2e)*	*(t CO2e per RPM adjusted MW-h)*
EGD	Ontario	2016	35,031	21,302	0.608
EGD	Ontario	2017	49,461	29,166	0.590
	2 YEAR AVERAGE		42,246	25,234	0.599

Union Rate Zones
2019 Forecast Facility-Related Volumes
10^3 m^3

Company Use Volumes

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Regulated	Unregulated
Buildings	0	0	0	207	88	58	36	29	38	56	133	165	809	801	7
Boilers/Line Heaters	0	0	0	1,203	635	231	123	133	109	145	411	780	3,768	3,768	
Total Company Use	0	0	0	1,409	722	289	159	162	146	201	544	945	4,577	4,569	7

OBPS Volumes

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Regulated	Unregulated
Compressor Fuel	30,162	36,266	23,425	5,773	2,292	2,296	5,654	7,764	9,073	8,061	5,828	19,071	155,666	144,119	11,547

Union Rate Zones

Table 1
2019 Forecast Compressor Emissions

		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5
Line No.	Particulars	Volumes[1]	CO_2 Emissions[2]	CH_4 Emissions[3]	N_2O Emissions[4]	CO_2e Emissions[5]
		(10^3m^3)	(Tonnes CO_2)	(Tonnes CH_4)	(Tonnes N_2O)	(Tonnes CO_2e)
1	Compressor Fuel	155,666	296,821	300	8	306,679

Notes:
(1) Exhibit B, Tab 2, Schedule 2, Col. 3, Line 5.
(2) Col. 1 x Table 2, Col. 1, Line 1 x Table 2, Col. 1, Line 2.
(3) Col. 1 x Table 2, Col. 2, Line 1 x Table 2, Col. 2, Line 2.
(4) Col. 1 x Table 2, Col. 3, Line 1 x Table 2, Col. 3, Line 2.
(5) Col. 2 + (Col. 3 x Table 3, Col. 1, Line 1) + (Col. 4 x Table 3, Col. 2, Line 1).

Table 2
Emission Factors

			Col. 1	Col. 2	Col. 3
Line No.	Particulars	Units	CO_2 Emission Factor[6]	CH_4 Emission Factor[7]	N_2O Emission Factor[7]
1	Boilers & Compressor Fuel Volumes	Tonne/GJ	0.04903	0.00004958	0.000001305
2	Budget Heat Value[8]	$GJ/10^3m^3$	38.89	38.89	38.89

Notes:
(6) Ontario Ministry of Environment, Conservation and Parks "Guideline for Quantification, Reporting and Verification of Greenhouse Gas Emissions - Effective August 2018", Table 20-3.
(7) Ontario Ministry of Environment, Conservation and Parks "Guideline for Quantification, Reporting and Verification of Greenhouse Gas Emissions - Effective August 2018", Table 20-4.
(8) Assumed Budget Heat Value = 38.89 $GJ/10^3m^3$. In calculating actual emissions, actual heating value will be used.

Table 3
Conversion Factors

			Col. 1	Col. 2
Line No.	Particulars	Units	Methane[9]	Nitrous Oxide[9]
1	Global Warming Potential for Carbon Dioxide Equivalent	Tonnes CO_2e	25	298

Notes:
(9) Environment and Climate Change Canada "Technical Guidance on Reporting Greenhouse Gas Emissions - 2017 Data", Table 1.

Union Rate Zones
2019 Forecast OBPS Obligation

	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6
Line No.	2019 Forecast Compressor Emissions[1]	2016 - 2017 Union Average Emission Intensity	2019 Forecast Production[2]	2019 Sector Emission Intensity Target[3]	Facility Emissions Limit[4]	OBPS Compliance Obligation[5]
	(tCO_2e)	(tCO_2e/MWh)	(MWh)	(tCO_2e/MWh)	(tCO_2e)	(tCO_2e)
1	306,679	0.620	495,534	0.419	207,796	98,882

Notes:
(1) Exhibit B, Tab 2, Schedule 3, Table 1, Col. 5.
(2) Col. 1 / Col. 2.
(3) Based on value in Regulatory Proposal for the Output-Based Pricing System Regulations under the Greenhouse Gas Pollution Pricing Act.
(4) Col. 3 x Col. 4.
(5) Col. 1 - Col. 5.

Union Rate Zones
2016 - 2017 Average Emission Intensity

			Column 1	Column 2	Column 3 (column 2 / column 1)
Rate Zone	**Province**	**Year**	**RPM adjusted Engine Output**	**GHG Emissions from Stationary Combustion in Engines**	**Carbon Intensity Metric**
			(MW-h)	*(t CO2e)*	*(t CO2e per RPM adjusted MW-h)*
Union	Ontario	2016	220,710	150,502	0.68
Union	Ontario	2017	382,587	222,567	0.58
	2 YEAR AVERAGE		301,648	186,535	0.62

ENBRIDGE GAS INC.

Answer to Interrogatory from
OEB Staff (STAFF)

INTERROGATORY

Reference:

Exhibit D (updated) / p. 7 of 15, Exhibit D (original) / p. 7 of 12

Preamble:

Enbridge Gas' updated application noted a bill impact of the changes to the 2020 carbon charges of $47.07 per year for a typical residential customer in the EGD rate zone, whereas Enbridge Gas' original application noted a bill impact of $47.16.

Questions:

a) Please provide the reason(s) for the difference between the original and updated applications in the bill impact of the 2020 carbon charges for residential customers in the EGD rate zone, given that the application update does not change the requested rate of either of these charges.

Response:

a) In the original application, the residential bill impact of $47.16 contained an inadvertent error. The updated application contains the correct bill impact of $47.07.

   The error stems from the formula used to calculate the distribution charge amount of $209.19 in Enbridge Gas's original application (November 18, 2019) at Exhibit D, Tab 1, Schedule 2, p. 2. Instead of summing the 2020 Delivery Charge and the 2020 Facility Carbon Charge, the formula inadvertently contained the sum of the 2020 Delivery Charge, the 2020 Facility Carbon Charge and the 2019 Facility Carbon Charge.

   The Company identified/recognized the formula error and corrected it in its Updated Application for all rate classes.

ENBRIDGE GAS INC.

Answer to Interrogatory from
OEB Staff (STAFF)

INTERROGATORY

Reference:

Exhibit D (original and updated), Tab 2, Schedule 5, p. 1 of 4, Exhibit D (original and updated), Tab 2, Schedule 6, p.1 of 1

Preamble:

There are differences in the bill impact for general service customers in Union rate zones associated with clearance of the FCPP-related deferral and variance accounts between the original and updated Applications; specifically, the bill impact is lower in the updated Application than in the original Application for rates 01, 10, and M1, but higher for rate M2.

Questions:

a) Please provide a detailed explanation as to why there are relatively large differences in bill impacts between the original and updated Applications for these rate classes, given that the total balance for disposition for each of these rate classes (shown in Exhibit D, Tab 2, Schedule 5, Page 1 of 4) has changed only slightly between the original and updated Applications.

Response:

a) The difference in Union rate zone bill impacts for general service rate classes between the original application and Updated Application is largely a result of the relationship between the typical customer volume assumption used to prepare bill impacts for the prospective recovery period and the forecast volume of the rate class used to derive the rate class unit rates for the prospective recovery period.[1]

   The Rate 01, Rate 10, and Rate M1 typical customer volume assumption increased by a smaller proportion than the increase in the forecast volume of the rate class for

[1] The bill impacts prepared in the original application assumed a six-month prospective disposition period of April 1, 2020 to September 30, 2020. The bill impacts prepared in the Updated Application assume a six-month prospective disposition period of October 1, 2020 to March 31, 2021.

the change in the prospective recovery period between the original application and the Updated Application.

In contrast, the Rate M2 typical customer volume assumption increased by a greater proportion than the increase in the forecast volume of the rate class for the change in the prospective recovery period between the original application and the Updated Application.

ENBRIDGE GAS INC.

Answer to Interrogatory from
OEB Staff (STAFF)

INTERROGATORY

Reference:

Exhibit D (updated) / p. 9 of 15

Preamble:

Enbridge Gas proposes to allocate FCCFVA balances to rate classes in proportion to actual in-franchise distribution and ex-franchise transportation volumes actual customer-related volumes from April 1, 2019 to July 31, 2019.

Questions:

a) Please explain why Enbridge Gas has proposed allocating FCCFVA balances to rate classes in proportion to actual customer-related volumes from April 1, 2019 to July 31, 2019, given that this four-month gap in collecting the Facility Carbon Charge is not the only source of the balance in this account, and whether any other allocation methodologies were considered.

Response:

a) Enbridge Gas has proposed to allocate FCCFVA balances to rate classes in proportion to actual distribution and transportation volumes from April 1, 2019 to July 31, 2019 to ensure a common disposition unit rate by rate class and to allow for concurrent disposition of customer and facility FCPP-related deferral and variance accounts.

A billing system constraint for the EGD rate zone prevents disposition of account balances over different sets of volumes at the same time. Enbridge Gas has proposed to allocate and derive disposition unit rates for the FCCCVA balance using April 1, 2019 to July 31, 2019 volumes to match the time period during which Enbridge Gas did not have approval to charge customers the Federal Carbon Charge which resulted in the FCCCVA balance.[1] The FCCCVA balance comprises approximately 99% of the total FCPP-related account balances to be cleared to

[1] The derivation of disposition unit rates for general service customers in the Union rate zones is based on prospective disposition over a six-month time period.

customers. For consistency, Enbridge Gas has proposed the same methodology for FCCFVA balances.

Enbridge Gas considered other allocation methodologies including the use of distribution and transportation volumes from January 1, 2019 to December 31, 2019. The use of volumes from April 1, 2019 to July 31, 2019 to allocate balances and derive disposition unit rates was proposed to address the system constraints noted above and to create a common unit rate by rate class. Allocating balances on different volumes than the volumes used to derive the disposition unit rates would result in different unit rates per rate class.[2] Accordingly, Enbridge Gas has proposed to align the allocation and disposition methodology of the FCCFVA and FCCCVA for each rate zone.

[2] The Union rate zones general service disposition unit rates are based on a prospective forecast for the period of October 1, 2020 to March 31, 2021.

ENBRIDGE GAS INC.

Answer to Interrogatory from
OEB Staff (STAFF)

INTERROGATORY

Reference:

Exhibit D (updated) / pp. 10-15 of 15

Preamble:

After consideration of several disposition periods, Enbridge Gas proposes different approaches for disposition of FCPP-related deferral and variance accounts: prospective disposition over a six-month basis beginning October 1, 2020 for general service customers in Union rate zones, and a one-time adjustment based on actual consumption between April 1, 2019 to July 31, 2019, disposed of over a three-month period beginning October 1, 2020, for all other customers.

Questions:

a) Is a three-month prospective disposition beginning October 1, 2020 technically feasible for Union GS customers? If so, please explain why Enbridge Gas has a preference for the six-month disposition period, taking into account the monthly bill impact of the DVA disposition, the higher overall customer bills experienced during peak heating months, and any other factors that may be relevant.

b) Enbridge Gas notes that “it is not recommending the longer disposition period of six months in light of the billing system constraint for the EGD rate zone, which is limited to one set of volumes for disposition of deferral and variance accounts at a time.” Does the same constraint apply to non-GS customers in the Union rate zones? If not, please explain why Enbridge Gas believes that the three-month disposition period is the preferred approach for these customers.

c) Enbridge Gas notes that, for the EGD rate zone, “disposing of the FCPP-related deferral and variance accounts over one quarter provides the ability for other account dispositions to begin the following quarter, such as the 2019 deferral and variance account balances and 2019 earnings sharing and the 2017 and 2018 Demand Side Management deferral and variance account balances.” Please confirm whether it is Enbridge Gas’ current intention to dispose of the balances in these named accounts in the quarter beginning January 1, 2020 for the EGD rate zone and/or the Union rate zones.

d) For its proposed disposition approach for general service customers in the Union rate zones, does Enbridge Gas anticipate any material misallocation of costs to individual customers in this class, arising from differences in their seasonal patterns of natural gas use (e.g. space heating only vs. space heating and water heating), due to the differing time periods when costs were incurred (April 1, 2019 – July 31, 2019) and the time period being proposed for disposition (October 1, 2020 – March 31, 2020)? If so, please explain why this consideration does not change Enbridge Gas' preferred disposition approach for these customers.

<u>Response:</u>

a) Yes, a three-month prospective disposition is technically feasible. Please see the response at part d) below, for explanation of why Enbridge Gas has proposed a six-month disposition period.

b) No, the billing system constraint does not currently exist for in-franchise contract and ex-franchise customers (i.e. non-general service customers) in the Union rate zones. Please see the response at part d) below, for explanation of why Enbridge Gas has proposed a three-month disposition period.

c) Confirmed. Enbridge Gas intends to begin disposition on January 1, 2021 for either the 2019 deferral and variance account balances or the 2017 and 2018 Demand Side Management deferral and variance account balances, subject to associated OEB approvals.

d) No, Enbridge Gas does not anticipate a material misallocation of cost responsibility of individual general service customers as a result of the proposed disposition timing.

   As described in the Updated Application at Exhibit D, p.13, Enbridge Gas has proposed to recover the deferral and variance account balances to general service customers in the Union rate zones over six-months, which is consistent with the standard practice of disposition for this set of customers. The continued use of a prospective recovery disposition methodology from general service customers is appropriate as it generally provides alignment between cost incurrence and cost recovery because of the consistency of consumption patterns throughout the year by customers in these rate classes.

   Enbridge Gas has proposed a one-time adjustment disposed of in three equal installments for all other customers to smooth the bill impacts over a longer period than the standard practice of one-month. The three-month disposition period provides a balance between acceptable bill impacts and the length of the disposition period.

Enbridge Gas anticipates that starting in mid-2021 at the earliest it will be able to adopt a common disposition period and approach for all customers once an integrated billing system is implemented.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Anwaatin Inc. (Anwaatin)

INTERROGATORY

Reference:

Updated Application, p. 4, para 10

Preamble:

EGI states that persons affected by the Application are the customers resident or located in the municipalities, police villages, ***Indigenous communities and Métis organizations*** served by EGI, together with those to whom EGI sells gas, or on whose behalf EGI distributes, transmits, or stores gas. [emphasis added]

Questions:

a) Please file any and all analysis EGI has performed in connection with how the Application will, or is anticipated to, affect Indigenous communities and Métis organizations

   (i) that EGI serves;
   (ii) to which EGI sells gas (e.g., Six Nations Natural Gas); and
   (iii) on whose behalf EGI distributes, transmits, or stores gas.

   If EGI has not undertaken any such analysis, please explain why no such analysis has been undertaken, given paragraph 10.

b) Does EGI believe that it has a duty to consult and potentially accommodate Indigenous communities with respect to the Application?

Response:

a) The annual bill impacts applicable to Enbridge Gas's residential customers, including any customers in Indigenous communities and Métis organizations, are summarized at Exhibit A, p. 15. Detailed rate impacts are set out by rate class at Exhibit D, Tabs 1 and Tab 2.[1]

The Greenhouse Gas Pollution Pricing Act, the legislation pursuant to which Enbridge Gas is incurring costs for which it is seeking recovery in the Application, does not mandate any specific or separate treatment for Indigenous communities and Métis organizations.

b) The Application does not contemplate any conduct that may adversely impact asserted or established Aboriginal or treaty rights. As noted in response to part a) above, the rate impacts are generic across Enbridge Gas rate classes and are applied on that basis.

[1] Indigenous communities that are registered distributors of natural gas (e.g. Six Nations Natural Gas) and that hold an exemption certificate are exempted from the Federal Carbon Charge.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Anwaatin Inc. (Anwaatin)

INTERROGATORY

Reference:

Updated Exhibit A, p. 15

Preamble:

The bill impact of the 2020 carbon charges for a typical residential customer with annual consumption of 2,400 m3 is an increase of $47.07 per year in the EGD rate zone. The bill impact of the 2020 carbon charges for a typical residential customer with annual consumption of 2,200 m3 is an increase of $43.15 per year in the Union rate zones.

The bill impact of the proposed 2019 FCPP-related deferral and variance account balance disposition for a typical residential customer with annual consumption of 2,400 m3 is $21.85 in the EGD rate zone. The bill impact of the proposed 2019 FCPP-related deferral and variance account balance disposition for a typical residential customer with annual consumption of 2,200 m3 is $16.58 in the Union South rate zone and $16.01 in the Union North rate zone.

Questions:

a) Does EGI expect that the bill impacts outlined above will be experienced by Indigenous communities? If so, please explain how such bill impacts will be experienced in Indigenous communities. If not, please explain why not.

b) Has EGI performed any analysis of the bill impact on Indigenous communities? If so, please provide the analysis. If not, please explain why no such analysis has been performed.

c) Has EGI quantified the rate impact of the Application on Indigenous communities? If so, please provide the quantification of the rate impact and explain how it was quantified. If not, please explain why no such quantification was performed.

d) What proportion of EGI’s customers are members of Indigenous communities?

e) Has EGI analysed how Indigenous customers living on- and off-reserves will be affected by the proposed carbon charge? If so, please provide the analysis. If not, please explain why no such analysis was performed.

f) What proportion of EGI customers reside “on-reserve”, as defined in the Indian Act?

g) Can EGI identify prospective new EGI “on-reserve” communities and customers that will be served through future natural gas distribution expansions, and how the bill impacts will be experienced by those communities?

Response:

a) – c)
Please see the response at Exhibit I.Anwaatin.1 a).

d) Enbridge Gas does not track the ethnicity or cultural background of its customers generally. However, the Company can confirm that it has approximately 3,500 customers in its billing system who are HST exempt because they reside on-reserve. This equates to less than 0.1% of customers. Enbridge Gas currently distributes gas in 21 Indigenous communities.

e) Please see the response at Exhibit I.Anwaatin.1 a).

f) Please see the response at part d) above.

g) Please see the response at Exhibit I.Anwaatin.1 a). Enbridge Gas cannot predict future natural gas distribution expansions with certainty at this time.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Anwaatin Inc. (Anwaatin)

INTERROGATORY

Reference:

Updated Exhibit B, Tab 1, Schedule 5
Updated Exhibit B, Tab 2, Schedule 5

Preamble:

EGI forecasts the Total Customer-Related Costs in the EGD rate zone at $623,193,070.

EGI forecasts the Total Customer-Related Costs in the Union rate zone at $402,913,513

Questions:

a) Please provide actual 2019 volumes delivered to Indigenous communities and the total customer-related costs of the Federal Carbon Charge for Indigenous communities in the EGD Rate Zone.

b) Please provide actual 2019 volumes delivered to Indigenous communities and the total customer-related costs of the Federal Carbon Charge for Indigenous communities in the Union Rate Zone.

Response:

a) Enbridge Gas did not serve any Indigenous communities in the EGD rate zone in 2019.

b) The actual 2019 volumes delivered to Indigenous communities within the Union rate zones and the corresponding customer-related costs of the Federal Carbon Charge are set out in Table 1 below.

Table 1

	Union Rate Zones
Apr-Dec 2019 Customer Volumes (m^3)	6,080,865
Federal Carbon Charge Rate ($/$m^3$)	0.0391
Customer-Related Costs ($)	237,762

ENBRIDGE GAS INC.

Answer to Interrogatory from
Anwaatin Inc. (Anwaatin)

INTERROGATORY

Reference:

Updated Exhibit C, pp. 13 and 16

Preamble:

EGI's forecasted 2020 administration costs are $3.54 million: $2.0 million for the EGD rate zone and $1.54 million for the Union rate zones (IT billing system, staffing resources, consulting and external legal support, greenhouse gas (GHG) reporting and verification, bad debt, and other miscellaneous costs).

EGI plans to record actual 2020 costs in the Greenhouse Gas Emissions Administration Deferral Accounts (**GGEADAs**) until such time that these costs are incorporated into rates. EGI intends to seek recovery of its actual 2020 administration costs in a future proceeding.

EGI states that it anticipates that it will incur a total of $0.20 million in consulting and external legal costs in 2020 for work supporting the development and sustainment of EGI's carbon strategy and related analyses, the review and interpretation of any new or updated regulations associated with the GGPPA, including offsets, or other GHG or carbon pricing programs and for work supporting the development of Enbridge Gas's 2021 FCPP application and pre-filed evidence and associated OEB proceedings.

Questions:

a) Please outline what additional consulting and external legal services EGI anticipates that it will require in relation to each of the following:

    (i) development and sustainment of EGI's carbon strategy and related analyses;
    (ii) review and interpretation of any new or updated regulations associated with the GGPPA;
    (iii) review and interpretation of any new offsets regulations associated with the GGPPA;
    (iv) Indigenous engagement and consultation for the development and sustainment of EGI's carbon strategy and related analysis; and
    (v) other GHG or carbon pricing programs.

Response:

a) As described in Enbridge Gas's Updated Application at Exhibit C, p. 13,

> Enbridge Gas is providing forecast 2020 administration costs [set out at Exhibit C, Table C-3] for informational purposes only and will seek recovery of its actual 2020 administration costs in a future proceeding.

These estimates are generally based on: (i) Enbridge Gas's 2019 forecast and actual administration costs; and (ii) anticipated consulting and external legal services required to maintain compliance with the Greenhouse Gas Pollution Pricing Act and the Federal Carbon Pricing Program, and any other related GHG or carbon pricing programs in 2020.

Enbridge Gas has provided these estimated costs at the most specific level of detail currently available at the time of filing its Updated Application and this submission. At such time that Enbridge Gas seeks, through future application to the OEB, to recover its actual 2020 administration costs it will provide a specific breakdown of those costs.

ENBRIDGE GAS INC.

Answer to Interrogatory from
The Building Owners and Managers Association (BOMA)

INTERROGATORY

Reference:

Exhibit A pp. 7 of 15, Footnote 11

Questions:

a) Please describe the status of the development of the centralized tracking system for surplus credits.

Response:

a) The federal government’s tracking system for surplus credits is not yet available.

ENBRIDGE GAS INC.

Answer to Interrogatory from
The Building Owners and Managers Association (BOMA)

INTERROGATORY

Reference:

Exhibit B/Tab 1/Schedule 5/ pp. 1 of 1

Questions:

a) Please advise whether the product at line 6 should be $382,080.00.

b) Please advise whether the sum at line 10 should be $778,620.00.

c) Please advise whether the sum at line 11 should be $623,971,689.90.

Response:

a) - c)
The values in Exhibit B, Tab 1, Schedule 5, are correct as filed.

ENBRIDGE GAS INC.

Answer to Interrogatory from
The Building Owners and Managers Association (BOMA)

INTERROGATORY

Reference:

Exhibit B/Tab 1/Schedule 5/ pp. 1 of 1

Questions:

a) What is the rationale for the use of different timeframes for Forecast Company-Use volumes (April 1, 2020 to March 31, 2021) and Forecast Compressor Fuel (January 1, 2020 to December 31, 2020).

Response:

a) The timeframes used by Enbridge Gas to forecast Company-Use and Compressor Fuel volumes are consistent with the *Greenhouse Gas Pollution Pricing Act* ("GGPPA").

As set out in Enbridge Gas's Updated Application at Exhibit A, pp. 5-6 and 8, Enbridge Gas's Company-Use volumes are covered under Part 1 of the GGPPA and subject to the Federal Carbon Charge. The Federal Carbon Charge rates for Marketable Natural Gas (please see Exhibit A, Table A-1) are applicable from April 1 – March 31 of a given year.

Enbridge Gas's compressor fuel volumes are covered under Part 2 of the GGPPA which has a compliance period from January 1 – December 31 of a given year (please see Exhibit A, pp. 6-8).

ENBRIDGE GAS INC.

Answer to Interrogatory from
The Building Owners and Managers Association (BOMA)

INTERROGATORY

Reference:

Exhibit B/Tab 2/Schedule 2/ pp. 1 of 1

Questions:

a) What is the rationale for the use of different timeframes for Forecast Company-Use volumes (April 1, 2020 to March 31, 2021) and Forecast Compressor Fuel (January 1, 2020 to December 31, 2020).

Response:

a) Please see the response at Exhibit I.BOMA.3.

ENBRIDGE GAS INC.

Answer to Interrogatory from
The Building Owners and Managers Association (BOMA)

INTERROGATORY

Reference:

Exhibit C/pp. 6 of 18/Table C-1

Questions:

a) Please provide details for the $0.04 million in Interest costs incurred.

b) Can processes be put in place to avoid such interest costs in the future?

Response:

a) In accordance with the approved Greenhouse Gas Emissions Administration Deferral Account ("GGEADA") accounting orders, for each of the EGD and Union rate zones, simple interest was computed monthly on the monthly opening balances in the GGEADA accounts using Ontario Energy Board ("OEB") prescribed interest rates. The OEB prescribed interest rate was 2.45% for the first quarter of 2019, and 2.18% for Q2 2019 through Q2 2020. In Enbridge Gas's Updated Application, 2.18% was also used for Q3 2020 to forecast interest through to the proposed disposition on or commencing October 1, 2020 as the prescribed rate for this period had not been released by the OEB. On June 16, 2020, the OEB released the Q3 2020 prescribed interest rate of 1.38%. Interest calculations have been revised to reflect the newly released prescribed interest rate. Calculating simple interest on the monthly opening balances in the accounts resulted in interest of $0.01 million, and $0.02 million respectively for the Union and EGD rate zones (previously $0.01 million and $0.03 million respectively for the Union and EGD rate zones).

b) By including the administration costs associated with the Federal Carbon Pricing Program ("FCPP") into Enbridge Gas's base rates, such interest costs can be avoided in the future. Accordingly, and dependent upon gaining certainty of program continuity beyond 2022 from the federal government, Enbridge Gas may apply to include administration costs associated with the FCPP in its base rates through a future application to the OEB.

ENBRIDGE GAS INC.

Answer to Interrogatory from
The Building Owners and Managers Association (BOMA)

INTERROGATORY

Reference:

Exhibit C/pp. 11 of 18, Footnote 17

Questions:

a) Please provide details for the $4.03 million in interest referenced at footnote 17.

b) Can processes be put in place to avoid such interest charges in the future?

Response:

a) Please see the response at Exhibit I.LPMA.4, for details of 2019 interest costs recorded in the FCCCVA.

b) Enbridge Gas expects that future Federal Carbon Pricing Program (“FCPP”)-related applications will be filed with the OEB sufficiently in advance of the effective date of annual Federal Carbon Charge increases (as mandated by the Greenhouse Gas Pollution Pricing Act) to enable the OEB to approve any resulting rate increases, on either an interim (as was the case for this Updated Application) or final basis. Accordingly, the accumulation of comparable interest charges to those experienced in 2019 is unlikely. Please see the response at Exhibit I.STAFF.1, for further discussion regarding the anticipated timing of future FCPP-related applications.

ENBRIDGE GAS INC.

Answer to Interrogatory from
The Building Owners and Managers Association (BOMA)

INTERROGATORY

Reference:

Exhibit C/pp. 12 of 18, Footnote 18

Questions:

a) Please provide details for the original exclusion of OBPS forecast from the originally filed Application reference in footnote 18.

Response:

a) Following the issuance of the Board's Interim Decision and Order, dated February 11, 2020, Enbridge Gas commenced work to provide updated 2019 balances in its FCPP-related deferral and variance accounts to December 31, 2019. As part of this work, Enbridge Gas realized that the 2019 facility-related variance set out in Table C-2 (see below) of its original application filed on November 18, 2019, omitted the Company's forecast 2019 OBPS volumes and costs for the EGD rate zone. In other words, the $0.1 million 2019 FCCFVA balance for the EGD rate zone set out in its original application only represented the variance to forecast associated with Company-Use volumes and costs.

Table C-2
2019 Facility-Related Costs Recorded in the FCCFVA

	2019 Costs ($millions)		
	EGD Rate Zone	**Union Rate Zones**	**Total**
Actual Facility-Related Variance *(January 1, 2019 to September 30, 2019)*	0.1	0.4	0.5
Forecast Facility-Related Variance *(October 1, 2019 to December 31, 2019)*	0.0	0.2	0.2
Total	**0.1**	**0.6**	**0.7**

As a result of this omission, on an actual basis and consistent with its Updated Application, Enbridge Gas's 2019 facility-related variance recorded in the FCCFVA for the EGD rate zone was understated by approximately $0.37 million. Please also see the response at Exhibit I.STAFF.9, for discussion of the final FCCFVA balance.

ENBRIDGE GAS INC.

Answer to Interrogatory from
The Building Owners and Managers Association (BOMA)

INTERROGATORY

Reference:

Exhibit C/pp. 14 of 18

Questions:

a) Please explain how the C&T billing functionality was repurposed for use related to the FCPP and how the $0.40 million revenue requirement was determined.

Response:

a) Please see the response at Exhibit I.STAFF.6, for explanation of how Cap and Trade-related billing functionality was repurposed for FCPP purposes and how the associated revenue requirement was determined.

ENBRIDGE GAS INC.

Answer to Interrogatory from
The Building Owners and Managers Association (BOMA)

INTERROGATORY

Reference:

Exhibit C/pp. 15 of 18

Questions:

a) How was the forecast fully allocated cost of $200,000 per employee determined?

Response:

a) The average annual cost of approximately $200,000 per employee is inclusive of direct associated costs such as incentive payments and benefits. This amount was estimated at the time of filing based on the actual annual average cost of employees on the Carbon Strategy team at that time (November 18, 2019).

   As set out in Enbridge Gas's Updated Application at Exhibit C, p. 13, Enbridge Gas has provided forecast 2020 administration costs for informational purposes only and will seek recovery of its actual 2020 administration costs in a future proceeding.

ENBRIDGE GAS INC.

Answer to Interrogatory from
The Building Owners and Managers Association (BOMA)

INTERROGATORY

Reference:

Exhibit C/pp. 16 of 18

Questions:

a) Why does Enbridge continue to forecast $0.20 million for legal and external costs in 2020, when it spent only $0.07 million compared to its forecast of $0.20 million in 2019, due to its ability to use internal resources to do the bulk of that work.

Response:

a) As set out in its Updated Application at Exhibit C. p. 8, the variance between Enbridge Gas's 2019 forecast and actual administration costs for consulting and external legal was driven by a combination of: (i) Enbridge Gas leveraging existing internal resources; (ii) delay in the issuance of offset regulations and protocols; and (iii) generally requiring less external support for the implementation of the FCPP than anticipated (in part also due to no further changes to the GGPPA or advancement of the federal Clean Fuel Standard occurring in 2019).

   However, Enbridge Gas does anticipate that consulting and external legal costs will be incurred in 2020 in relation to: (i) issuance of offset regulations and protocols; (ii) development of the federal Clean Fuel Standard; and (iii) potential changes to the GGPPA. Accordingly, and for forecast purposes only, Enbridge Gas has maintained a similar cost in 2020 as forecast in 2019.

   As discussed in its Updated Application at Exhibit C, p. 13,

   > Enbridge Gas is providing forecast 2020 administration costs for informational purposes only and will seek recovery of its actual 2020 administration costs in a future proceeding.

ENBRIDGE GAS INC.

Answer to Interrogatory from
The Building Owners and Managers Association (BOMA)

INTERROGATORY

Reference:

Exhibit D/pp. 16

Questions:

a) What is the percentage increase in the annual delivery charge for a typical customer in each of Rates Classes 1, 6, M1, and M2, as a result of the amounts proposed to be collected from customers due to the proposed clearance of the deferral account of the six FCPP-related deferral accounts?

Response:

a) The Federal Carbon Charge is not included as part of delivery charges on a customer's bill. Enbridge Gas has provided the impact of the FCCCVA, FCCFVA, and GGEADA as a percentage of the sum of delivery and Federal Carbon charges and of the total bill in Table 1.

Table 1
FCPP-Related Deferral and Variance Account Impacts

Line No.		EGD Rate Zone Rate 1	EGD Rate Zone Rate 6	Union South Rate Zone Rate M1	Union South Rate Zone Rate M2
		(a)	(b)	(c)	(d)
1	Customer Annual Volume	2,400	43,285	2,200	73,000
	Current Charges (1)				
2	Delivery	466.44	3,605.72	398.31	4,782.90
3	Federal Carbon	140.88	2,540.83	129.14	4,285.08
4	Total Delivery & Federal Carbon	607.32	6,146.55	527.45	9,067.98
5	Total Bill	933.78	12,005.27	752.03	16,519.66
	FCPP-Related Deferral and Variance Account Bill Impacts (2)				
6	FCCCVA	21.28	497.84	16.34	622.42
7	FCCFVA	0.08	1.98	0.03	1.27
8	GGEADA	0.49	0.95	0.21	1.63
9	Total	21.85	500.78	16.58	625.32
	FCPP-Related Deferral and Variance Account Impact				
	Total Delivery & Federal Carbon				
10	FCCCVA (line 6 ÷ line 4)	3.50%	8.10%	3.10%	6.86%
11	FCCFVA (line 7 ÷ line 4)	0.01%	0.03%	0.01%	0.01%
12	GGEADA (line 8 ÷ line 4)	0.08%	0.02%	0.04%	0.02%
13	Total	3.60%	8.15%	3.14%	6.90%
	Total Bill				
14	FCCCVA (line 6 ÷ line 5)	2.28%	4.15%	2.17%	3.77%
15	FCCFVA (line 7 ÷ line 5)	0.01%	0.02%	0.00%	0.01%
16	GGEADA (line 8 ÷ line 5)	0.05%	0.01%	0.03%	0.01%
17	Total	2.34%	4.17%	2.20%	3.79%

Notes:
(1) Current charges as of April 1, 2020 including 2020 FCPP-related charges. EGD rate zone charges per Exhibit D, Tab 1, Schedule 2. Union rate zones charges per Exhibit D, Tab 2, Schedule 2.

(2) EGD rate zone bill impacts calculated using unit rates from Exhibit D, Tab 1, Schedule 4. Union rate zones bill impacts per Exhibit D, Tab 2, Schedule 6 with delivery impacts split into FCCFVA and GGEADA.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Energy Probe (EP)

INTERROGATORY

Reference:

EB-2018-0205, Exhibit I.EP.2

Preamble:

Conversion factors for marketable natural gas. For purposes of the Act, the conversion rates for marketable natural gas when it is measured in gigajoules or litres instead of cubic meters are provided in the table below. The rates apply to a liquid (measured in litres) and a gas (measured in cubic metres) when taken at standard reference conditions, which are as follows:

- for a gas, a temperature of 15°C and an atmospheric pressure of 101.325 kilopascals (kPa), and
- for a liquid, a temperature of 15°C.

Conversion factors for marketable natural gas

Unit	**Equivalent to**
1.0 litre (L)	**0.001** cubic metre (m³)
1.0 gigajoule (GJ)	**26.853** cubic metres (m³)

Questions:

a) Please provide related updated *Extracts* of the Federal Greenhouse Gas Control Program Act and Regulations as pertaining to natural gas.

b) Please confirm the conversion factors as noted above in the Preamble.

c) Has EGI requested clarification of the Technical Parameters used by the Federal Department of Finance/CRA? If so, please provide the official definitions/units of "Volumes" for natural gas including:

- Standard physical conditions (standard temperature and pressure, humidity etc.)
- Heating value in $GJ/10^3m^3$
- Any other relevant physical definitions/conversion factors used to measure/report the volumes.

d) How do differences in heating value and humidity affect reported volumes? Please discuss.

In particular, clarify the range of heating values in EGI service franchises. Does Enbridge Gas average heating values when reporting volumes? Please clarify if this is done on a Rate Zone basis using the Rate Handbook assumed heating value, or given the differences between Rate zones, the specific average heating values over the reporting period?

Please clarify with illustrative examples.
[Conversion to GJs based on heating value adjustment of 38.53 $GJ/10^3m^3$ for the EGD rate zone]

[Conversion to GJs based on heating value adjustment of 38.98 $GJ/10^3m^3$ for the Union rate zones]

e) Please list the 2019 average heating values at STP set out in the Rate Handbook for each rate zone, including all Union rate zones

<u>Response:</u>

a) For the purposes of this response Enbridge Gas assumes that EP is referring to the federal Greenhouse Gas Pollution Pricing Act ("GGPPA"), not the Greenhouse Gas Control Program Act. The following extracts from the GGPPA are the most relevant sections applicable to determining the amount payable for distribution of natural gas:

- Section 8(2) Determining quantities – cubic metres: Unless subsection (7) or (8) applies, for the purpose of determining quantity of fuel of a certain type under this Part, if the rate in respect of that type of fuel is expressed in $/cubic metre, the quantity of fuel is the number of cubic metres that the fuel would occupy at 15°C and 101.325 kPa.

- Section 8(7) Natural gas that contains biomethane: Unless subsection (8) applies, if a quantity of marketable natural gas or non-marketable natural gas contains a particular proportion of biomethane (expressed as a percentage), for the purpose of this Part, the quantity of marketable natural gas or non-marketable natural gas is deemed to be the number of cubic metres determined by the formula

$$A \times (100\% - B)$$

Where
A is the number of cubic metres that the marketable natural gas or non-marketable natural gas would occupy at 15 C and 101.325 kPa; and

B is the particular proportion.

- Section 14 Delivery of marketable natural gas – distribution system: For the purposes of this Part, if marketable natural gas is delivered to a particular person by means of a distribution system, the person that is considered to deliver the marketable natural gas is

  (a) unless paragraph (b) applies, the person that measures, on a regular basis and for the purpose of billing the particular person or providing the particular person's billing information to a third party, the particular person's consumption or usage of marketable natural gas that is delivered by means of the distribution system; or
  (b) if prescribed circumstances exist or prescribed conditions are met, the person that is a prescribed person, a person of a prescribed class or a person meeting prescribed conditions.

- Section 17(1) Delivery by registered distributor: Subject to this Part, a particular registered distributor in respect of a type of fuel that delivers, at a particular time, fuel of that type in a listed province to another person must pay to Her Majesty in right of Canada a charge in respect of the fuel and the listed province in the amount determined under section 40. The charge becomes payable at the particular time.

- Section 17(2) Charge not payable: The charge under subsection (1) is not payable if

  (a) the particular registered distributor delivers the fuel in the listed province to another person that is
    (i) in respect of that type of fuel, a registered distributor, a registered specified air carrier, a registered specified marine carrier, a registered specified rail carrier or a registered user,
    (ii) a registered emitter,
    (iii) a farmer, if the fuel is a qualifying farming fuel,
    (iii.1) a fisher, if the fuel is a qualifying fishing fuel and the listed province is prescribed, or

(iv) a prescribed person, a person of a prescribed class or a person meeting prescribed conditions, if prescribed circumstances exist; and

(b) an exemption certificate applies in respect of the delivery in accordance with section 36.

- Section 18(1) Charge – use by registered distributor: Subject to this Part, every registered distributor in respect of a type of fuel that uses, at a particular time, fuel of that type in a listed province must pay to Her Majesty in right of Canada a charge in respect of the fuel and the listed province in the amount determined under section 40. The charge becomes payable at the particular time.

- Section 18(4) Charge not payable – used at a covered facility: The charge under subsection (1) is not payable to the extent that the fuel is used by the registered distributor at a covered facility of the registered distributor if the registered distributor is also a registered emitter.

- Section 36(1) Exemption Certificate: If fuel is delivered to a person by another person, an exemption certificate applies in respect of the delivery, for the purposes of this Part, only if

  (a) the certificate is made in prescribed form containing prescribed information;

  (b) the certificate includes a declaration by the person

    (i) that the person is a registered distributor in respect of that type of fuel,

    (ii) that the person is a registered specified air carrier in respect of that type of fuel,

    (iii) that the person is a registered specified marine carrier in respect of that type of fuel,

    (iv) that the person is a registered specified rail carrier in respect of that type of fuel,

    (v) that the person is a registered emitter and that the fuel is for use at a covered facility of the person,

    (vi) that the person is a registered user in respect of that type of fuel and that the fuel is for use in a noncovered activity,

    (vii) that the person is a farmer, that the location at which the fuel is delivered is a farm, that the fuel is for use exclusively in the operation of eligible farming machinery or of an auxiliary component of eligible farming machinery and that all or substantially all of the fuel is for use in the course of eligible farming activities,

(vii.1) that the person is a fisher, that the fuel is for use exclusively in the operation of an eligible fishing vessel and that all or substantially all of the fuel
is for use in the course of eligible fishing activities, or
(viii) that the person is a prescribed person, a person of a prescribed class or a person meeting prescribed conditions and that prescribed circumstances
exist;
(c) the person provides, in a manner satisfactory to the Minister, the certificate in respect of the delivery to the other person; and
(d) the other person retains the certificate and indicates to the person, in a manner satisfactory to the Minister, that the delivery is subject to the certificate.

- Section 40(1) Charge amount – fuel: The amount of a charge payable under this Division (other than section 38) in respect of fuel and a listed province is equal to the amount determined by the formula

A × B
where
A is
(a) if the charge becomes payable under section 34, the net fuel quantity,
(b) if the charge becomes payable under section 35, the annual net fuel adjustment, or
(c) in any other case, the quantity of the fuel in respect of which the charge becomes payable; and

B is
(a) if the charge becomes payable under section 35, the rate in respect of fuel of that type for the listed province applicable on December 31 of the calendar year that precedes the calendar year that includes the time at which the charge becomes payable, and
(b) in any other case, the rate in respect of fuel of that type for the listed province applicable at the time the charge becomes payable.

b) The conversion factors quoted by EP are not included in the Greenhouse Gas Pollution Pricing Act (“GGPPA”). However, they are provided on the Canadian Revenue Agency’s (“CRA”) website at: https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/fcrates/fuel-charge-rates.html

c) Yes, Enbridge Gas requested clarification of the conversion factors used in converting the annual carbon price in \$/tCO$_2$e to the charge rates set out in Schedule 2 of the GGPPA in 2019 and was not provided any such explanation by government. However, the government has confirmed that the conversion factors quoted by EP and posted on the CRA's website represent national average gas analysis values.

d) Heat value conversion does not affect reported volumes under Part 1 of the GGPPA because Enbridge Gas measures and bills natural gas on a volumetric basis. Federal Carbon Charge rates for natural gas are set out in the GGPPA as a volumetric rate ($/$m^3$).[1] Accordingly, heat value conversion of natural gas is not used in the reporting of volumes under Part 1 of the GGPPA.

Heat value conversion is used in calculation of the emissions reported for the Output Based Pricing System ("OBPS") under Part 2 of the GGPPA. For forecasting purposes, Enbridge Gas uses the heating values provided in response to part e) below.[2] For calculation of the actual emissions under the OBPS, Enbridge Gas uses a weighted average annual higher heating value which is based on typical gas composition across the franchise area.[3] To the extent that volumes and/or heating values vary from forecast, emissions may be higher or lower than forecast. In 2019, the monthly higher heating values ranged from 38.4 $GJ/10^3m^3$ to 39.5 $GJ/10^3m^3$.

e) The average 2019 heating values at standard temperature and pressure as set out in the EGD Rate Handbook is 38.53 $GJ/10^3m^3$.

The Union rate zones' rate schedules do not specify a heating value. Rather, the heating value for the Union rate zones is updated annually and reflected in the April 1 QRAM application. The heating value as of April 1, 2019 was 38.98 $GJ/10^3m^3$.

[1] GGPPA, Schedule 2.
[2] The calculation of forecast OBPS emissions is set out in Enbridge Gas's Updated Application at Exhibit B, Tab 1, Schedule 3 for the EGD rate zone and at Exhibit B, Tab 2, Schedule 3 for the Union rate zones.
[3] The calculation of actual OBPS emissions is set out in the response at Exhibit I.STAFF.9 Attachments 1 and 2 for the EGD and Union rate zones, respectively.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Energy Probe (EP)

INTERROGATORY

Reference:

No Reference

Questions:

a) Please confirm the criteria/conversion factors used and corrections to calculate the actual and forecast EGI gas consumption volumes for each rate zone based on Customer Meter Readings, as applicable:
   - Meter measurement for volumes - Pressure, Temperature and humidity.
   - Heat Content for unit volumes BTU/cu ft or GJ/m3;
   - Any other corrections to meter readings such as UFG.

b) Please provide tables that show actual 2019 actual volumes delivered, by rate class and in total including lines for exemptions and Greenhouse Sector reductions.

c) Please update the closing 2019 actual Exemption Certificate numbers and volumes. Reconcile to the variance accounts for each Rate Zone and the Totals.

d) Please highlight and discuss any differences/corrections related to the amounts claimed in the EGI deferral accounts for 2019.

Response:

a) Volumes provided in the Application reflect standard temperature of 15 °C and pressure of 101.325 kPa. All corrections are conducted in accordance with the calculations and conversion factors provided in the *Electricity and Gas Inspection Act* and Regulations, as required by Measurement Canada.[1] For discussion of heating values please see the response at Exhibit I.EP.1 d). Enbridge Gas does not make any correction to meter readings for unaccounted for gas.

[1] Electricity and Gas Inspection Regulations SOR/86-131, section 35.

b) - c)

Please see Attachment 1.[2]

Enbridge Gas does not require customer volumes and exempt volumes to be broken out by rate class for the purposes of remitting the Federal Carbon Charge to the Canada Revenue Agency ("CRA"). This functionality has not been built into the Company's monthly remittance process as the CRA only requires total volumes to be submitted. To break out the volumes by rate class, as requested by EP, would require significant time and resources and would not be reasonably possible to complete as part of this proceeding.

d) The difference between the 2019 closing balance versus what is recorded in the EGD rate zone FCCCVA is due to a meter read issue that affected a small portion of large volume customers resulting in adjusted volumes relating to April-July 2019 and a system error that caused some exempt customer volumes from April-July 2019 to not be properly identified. An adjustment of $135,653 (3,469,399 m^3) was made to the 2019 FCCCVA in Q1 2020 to correct for the adjusted volumes relating to April-July 2019.

The difference between the 2019 closing balance versus what is recorded in the Union rate zones FCCCVA is a result of two customers submitting their exemption certificates in January of 2020 due to delayed approval of exemption under the Greenhouse Gas Pollution Pricing System. The effective date of exemption approved by the Canada Revenue Agency for these customers was April 1, 2019, resulting in an adjustment of $160,600 (4,107,435 m^3) to the 2019 FCCCVA.

[2] When Enbridge Gas submitted its Updated Application, the Q3 2020 Ontario Energy Board ("OEB") prescribed interest rate was not available. The Q2 2020 OEB prescribed interest rate of 2.18% was used to forecast interest through to the proposed disposition on or commencing October 1, 2020. On June 16, 2020, the OEB released the Q3 2020 prescribed interest rate of 1.38%. Interest calculations referenced in Attachment 1 have been updated to reflect the newly released prescribed interest rate.

EGD Rate Zone
2019 Customer Volumes related to the FCCCVA (April - December)

		Column 1	Column 2	Column 3	Column 4
Line No	Particulars	**Gross Customer Volumes**	**100% Exempt[1]**	**80% Exempt (Greenhouse Operators)[1]**	**Net Volumes[2]**
1	**Total Delivered Volumes (10^3 m^3)**	6,387,511	932,369	38,890	5,416,251
2	**Total Billed Volumes (10^3 m^3)**	3,669,933	475,965	21,655	3,172,313
3	**Closing 2019 Variance (10^3 m^3)** (line 1 - line 2)	2,717,578	456,404	17,236	2,243,939
4	**Adjustment[3] (10^3 m^3)**	18,596	22,045	20	(3,469)
5	**Final Variance (10^3 m^3)** (line 3 + line 4)	2,736,174	478,449	17,256	2,240,469
6	**FCCCVA[4] (000's $)**	$ 106,984	$ 18,707	$ 675	**$ 87,602**

Notes

[1] Exempt volumes based on 153 exemption certificates received in 2019.

[2] column 1 - column 2 - column 3

[3] Adjustment made after 2019. See response at Exhibit I.EP.2d for explanation.

[4] Line 5 x $0.0391/m^3 (2019 Federal Carbon Charge rate). Interest of about $2.31 million is not included.

Union Rate Zones
2019 Customer Volumes related to the FCCCVA (April - December)

		Column 1	Column 2	Column 3	Column 4
Line No	Particulars	**Gross Customer Volumes**	**100% Exempt[1]**	**80% Exempt (Greenhouse Operators)[1]**	**Net Volumes[2]**
1	**Total Delivered Volumes (10^3 m^3)**	8,289,303	4,575,052	312,125	3,402,127
2	**Total Billed Volumes (10^3 m^3)**	4,870,719	2,670,612	184,778	2,015,329
3	**Closing 2019 Variance (10^3 m^3)** (line 1 - line 2)	3,418,584	1,904,439	127,347	1,386,798
4	**Adjustment[3] (10^3 m^3)**	-	4,025	82	(4,107)
5	**Final Variance (10^3 m^3)** (line 3 + line 4)	3,418,584	1,908,465	127,430	1,382,690
6	**FCCCVA[4] (000's $)**	$ 133,667	$ 74,621	$ 4,983	**$ 54,063**

Notes

[1] Exempt volumes based on 347 exemption certificates received in 2019.

[2] column 1 - column 2 - column 3

[3] Adjustment made after 2019. See response at Exhibit I.EP.2d for explanation.

[4] Line 5 x $0.0391/$m^3$ (2019 Federal Carbon Charge rate). Interest of about $1.44 million is not included.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Energy Probe (EP)

INTERROGATORY

Reference:

EB-2018-0205, Exhibit I.EP.3; Exhibit B, Tab 1 Schedule 1.

Questions:

a) Please provide in tabular and Excel format, the customer volume forecasts by class and in total for 2020 F, including lines for Exemptions and the Greenhouse Sector.

b) Please provide the forecast 2020 actual Exemption Certificate numbers and volumes. and reconcile to the 2020 Q1 variance accounts for each Rate Zone and the Totals.

c) Please provide the 2020 rate class DSM reductions in a separate column and indicate the basis for the volumes.

d) Show how the 2020 proposed rate rider is calculated for residential customers in each rate zone. Reconcile to Exhibit B Tab 1 Schedule 1.

Response:

a) Please see Attachment 1 for the 2020 customer volume forecast (fiscal year 2020). An Excel version of this information has also been provided separately.

   Please note that Enbridge Gas has provided the information sought for the time period specified by EP (fiscal year 2020). However, Enbridge Gas's Updated Application presents customer volume forecasts for January to March 2020 and for April 2020 to March 2021 (please see Exhibit A, pp. 10-11 and Exhibit B), in alignment with the effective dates of Federal Carbon Charge rates set out in the GGPPA and FCPP.

b) The forecast 2020 number of exemption certificates and associated forecast annual consumption volumes exempt from the Federal Carbon Pricing Program ("FCPP") are set out in Table 1.

Table 1

Rate Zone	Number of Forecasted Exemption Certificates	Forecast Exempted Annual Consumption Volumes (m^3)
EGD	160	1,450,332,677
Union	369	6,437,350,117
Total	**529**	**7,887,682,794**

Enbridge Gas is not seeking approval to dispose of 2020 FCPP-related deferral/variance account balances at this time. As such, reconciliations to 2020 actuals are not available.

c) The DSM volume adjustments included in the 2020 FCPP are based on the DSM volume adjustment used to develop the company's 2020 Revenue Budget.[1] Please see Attachment 1 for details of 2020 DSM volume adjustments in all rate zones.

d) There is no unit rate derivation for the 2020 proposed Federal Carbon Charge of 5.87 ¢/m^3 for residential customers as it is set by the Federal Greenhouse Gas Pollution Pricing Act ("GGPPA") as set out in Enbridge Gas's Updated Application at Exhibit A, p. 6, Table A-1.

Enbridge Gas calculates the Federal Carbon Cost by multiplying the Federal Carbon Charge of 5.87 ¢/m^3 by customer-related net volumes of:

i) 4,939,740 10^3m^3 for EGD rate zone Rate 1 customers (please see Exhibit B, Tab 1, Schedule 1, p. 1); and
ii) 3,105,543 10^3m^3 and 1,008,245 10^3m^3 for Union rate zones Rate M1 and Rate 01 customers, respectively (please see Exhibit B, Tab 2, Schedule 1, p. 1).

The Facility Carbon Charge is composed of two different cost components:

i) Company Use facility cost; and
ii) Compressor Fuel facility cost.

EGD Rate Zone

i) The Facility Carbon Charge cost of $375,680 for Company Use (Table 2 of Exhibit D, Tab 1, Schedule 1, p. 2) is calculated by multiplying the rate rider of 5.87 ¢/m^3 by the forecast Company Use volume of 6,400 10^3m^3 (Exhibit B, Tab 1, Schedule 2, p. 1).

[1] EB-2019-0194, Exhibit B, Tab 1, Schedule 11 and Exhibit B, Tab 2, Schedule 10.

ii) The derivation of the Facility Carbon Charge cost of $396,540 for Compressor Fuel is explained at Exhibit B, Tab 1, Schedule 5, p. 1.

The sum of the Company Use and Compressor Fuel Facility Carbon Charge costs ($772,220) is divided by the total customer-related forecast volume of 12,261,955 10^3m^3 (Exhibit B, Tab 1, Schedule 1, p. 1) plus Rate 332 forecast volume of 3,599,792 10^3m^3 (Exhibit D, Tab 1, Schedule 1, p. 1) to derive the proposed unit rate of 0.0049 ¢/m^3 for the Facility Carbon Charge.

<u>Union Rate Zones</u>

i) The Facility Carbon Charge cost of $620,694 for Company Use (Exhibit D, Tab 2, Schedule 1, p. 2) is calculated by multiplying the rate rider of 5.87 ¢/m^3 by the forecast Company Use volume of 10,574 10^3m^3 (Exhibit B, Tab 2, Schedule 2, p. 1).
ii) The derivation of the Facility Carbon Charge cost of $2,848,313 for Compressor Fuel is explained at Exhibit B, Tab 2, Schedule 5, p. 1.

The sum of the Company Use and Compressor Fuel Facility Carbon Charge costs ($3,469,007) is divided by the total delivery and transportation volumes of 39,466,586 10^3m^3 (Exhibit D, Tab 2, Schedule 1, p. 1) to derive the proposed unit rate of 0.0088 ¢/m^3 for the Facility Carbon Charge.

EGD Rate Zone - Customer-Related Volumes
January - December 2020
10^3 m^3

		Column 1	Column 2	Column 3	Column 4	Column 5
Line	**Rate Class**	**Forecast Volumes**	**DSM Volumes**	**100% Exempt Volumes**	**80% Exempt Volumes (Greenhouse Operators)**	**Net Volumes** (column 1 - column 2 - column 3 - column 4)
1	1	4,939,093	5,120	238	79	4,933,655
2	6	4,853,495	10,100	122,732	44,267	4,676,397
3	9	-	-	-	-	-
4	100	17,052	-	-	-	17,052
5	110	889,213	1,873	237,097	11,473	638,771
6	115	448,441	682	377,263	-	70,496
7	125	561,616	-	561,616	-	-
8	135	63,182	385	-	-	62,796
9	145	40,598	19	2,198	3,069	35,312
10	170	272,321	301	90,302	-	181,717
11	200	195,046	-	195,046	-	-
12	300	-	-		-	-
	Total	**12,280,055**	**18,480**	**1,586,491**	**58,887**	**10,616,196**

Union Rate Zones - Customer-Related Volumes
January - December 2020
10^3 m^3

		Column 1	Column 2	Column 3	Column 4	Column 5
Line	**Rate Class**	**Forecast Volumes**	**DSM Volumes**	**100% Exempt Volumes**	**80% Exempt Volumes (Greenhouse Operators)**	**Net Volumes** (column 1 - column 2 - column 3 - column 4)
1	01	1,012,995	-	174	36	1,012,785
2	10	362,165	-	10,790	1,195	350,180
3	M1	3,127,730	-	1,289	875	3,125,567
4	M2	1,324,290	-	11,840	81,172	1,231,278
5	20	698,683	1,529	523,494	-	173,660
6	25	36,976	-	26,718	-	10,259
7	100	1,078,510	153	1,078,358	-	-
8	M4	671,097	7,754	41,162	268,100	354,080
9	M5	72,531	264	-	28,275	43,992
10	M7	518,011	2,979	199,698	131,901	183,433
11	M9	79,729	-	79,729	-	-
12	M10	1,247	-	1,247	-	-
13	T1	445,381	821	134,278	66,672	243,611
14	T2	3,998,908	2,115	3,831,325	-	165,468
15	T3	278,781	-	278,781	-	-
	Total	**13,707,035**	**15,615**	**6,218,882**	**578,225**	**6,894,312**

ENBRIDGE GAS INC.

Answer to Interrogatory from
Energy Probe (EP)

INTERROGATORY

Reference:

EB-2018-0205, Exhibit I.CME.1; Exhibit B, Tab 1, Schedule 4

Preamble:

$$\text{Emissions Intensity} = \frac{\Sigma \text{ Compressor Station Emission}}{\Sigma \text{ (Rated Brake Power}^{n} \text{ x Load}^{n} \text{ x Run time}^{n})}$$
$$= 306{,}679 \text{ tCO2e} \div 495{,}534 \text{ MWh} = 0.620 \text{ tCO2e/MWh}$$

Questions:

a) Please provide a copy of the calculated 2019 Emissions Intensities for all of Union and EGD Compressor stations and provide explanatory notes.

b) Please reconcile the compressor fuel volumes to that in approved transportation rates.

c) Please provide reconciliations to the 2019 OBSP FCCFVA.

Response:

a) In accordance with OBPS regulations, Enbridge Gas is required to have its annual OBPS report verified by a third-party auditor.[1] For 2019, the verification deadline has been extended from June 1, 2020 to October 1, 2020, due to the COVID-19 pandemic.[2] As such, Enbridge Gas's 2019 OBPS emission intensity is currently under review and subject to third-party verification.

Enbridge Gas has calculated a 2019 emissions intensity based on the most current information available at the time of this submission at the system level (not specific

[1] Output-Based Pricing System Regulations, SOR/2019-266, section 13.
[2] Extension of the reporting deadline for 2019 compliance period was published in Canada Gazette II on June 10, 2020: http://gazette.gc.ca/rp-pr/p2/2020/2020-06-10/html/sor-dors114-eng.html

facility), as its compressor stations operate as one integrated storage and transmission system for the purposes of the GGPPA.

Enbridge Gas 2019 Emissions Intensity
= Σ Compressor Station Emissions[1] ÷ Σ Natural Gas Transmission Production[2]
= 358,573 tCO_2e ÷ 620,000 MWh
= 0.578 tCO_2e/MWh

NOTES:
(1) Compressor Station Emissions – stationary combustion and flaring emissions from compressor stations, expressed in tCO_2e.
(2) Natural Gas Transmission Production – amount of work done by compressors in order to transport gas, expressed in MWh.

b) Actual 2019 compressor fuel volumes cannot be reconciled to delivery and transportation rates paid by customers in 2019. Enbridge Gas's rates for 2019 were set based on the approved price cap framework, not forecast or actual costs for 2019. As a result of the price cap framework for setting rates, rates are decoupled from costs. The 2019 actual compressor fuel volumes are used to determine actual OBPS costs under the GGPPA, not delivery and transportation rates.

c) Please see the response at Exhibit I.STAFF.9, for details of Enbridge Gas's 2019 OBPS-related volumes and costs.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Energy Probe (EP)

INTERROGATORY

Reference:

EB-2018-0205, Exhibit I.CME.1

Preamble:

In 2017, the Company established the Facility GHG Emission Reduction Program(“FGERP”). The purpose of the FGERP was to support the identification, assessment, and implementation of cost-effective emission reduction opportunities. Enbridge Gas continues to explore opportunities identified through this program, including a pilot project to implement online monitoring of Enbridge Gas’s transmission stations.

Questions:

a) Please provide the calculations for 2019 average compressor intensity.

b) Please provide the calculations for forecast 2020 average compressor intensity.

c) Please discuss/explain the differences and relate these to the FGERP.

d) How much does the FGERP cost. Where are the costs recorded?

Response:

a) Please see the response at Exhibit I.EP.4 a) for details of Enbridge Gas’s calculation of 2019 average compressor emissions intensity.

b) The forecasted 2020 Enbridge Gas emissions intensity was based on the weighted average of the 2016-2018 Enbridge Gas emission intensities (the three most recent years of data available when the forecast was completed).

Enbridge Gas 2020 Forecast Emissions Intensity
= Σ Forecast Compressor Station Emissions ÷
Σ 2016-2018 Natural Gas Transmission Production
= 762,670 tCO_2e ÷ 1,231,262 MWh
= 0.619tCO_2e/MWh

NOTES:
(1) Forecast Compressor Station Emissions – Stationary combustion and flaring emissions from compressor stations, expressed in tCO_2e.
(2) 2016-2018 Natural Gas Transmission Production – Amount of work done by compressors in order to transport gas, expressed in MWh.

c) No incremental facility-related GHG emission reduction initiatives had an impact on Enbridge Gas's 2019 or 2020 emission intensity calculations. As Enbridge Gas's 2020 Forecast emissions intensity is based on historical averages, the variance between 2019 emissions intensity and forecasted 2020 emissions intensity calculations are solely due to weather variability and differences in customer demand.

The Facility GHG Emission Reduction Program ("FGERP") was implemented by Enbridge Gas in 2017, as a result of Ontario's Cap-and-Trade program and the Board's Cap-and-Trade framework.[1] As part of the FGERP, the compressor online monitoring initiative has been implemented as a pilot project, and heating upgrades have been implemented at specific stations under the asset management plan. Following the abrupt cancellation of Ontario's Cap-and-Trade program in 2018, the work of the FGERP was paused as Enbridge Gas reassessed its needs and obligations under federal regulations. In 2019 the FGERP was replaced by the Carbon and Energy Efficiency ("CEE") Plan, to identify emission reduction opportunities, building off the work completed under the FGERP.

d) No costs were incurred in 2019 related to the FGERP.

[1] EB-2015-0363 Report of the Board – Regulatory Framework for the Assessment of Costs of Natural Gas Utilities' Cap and Trade Activities, September 26, 2016.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Energy Probe (EP)

INTERROGATORY

Reference:

No Reference

Preamble:

Storage is an integral part of Enbridge's Gas Supply

Questions:

a) Does the GGPPA require Enbridge to report volumes into/out of storage?

b) Indicate in detail how storage is dealt with in reporting GHG volumes.

c) Are storage losses included in facilities use and emissions? Please clarify in context of injection and withdrawal.

d) Please indicate how is direct purchase load balancing addressed under the GGPPA reporting?

Response:

a) - c)
As per the Greenhouse Gas Pollution Pricing Act ("GGPPA"), the Federal Carbon Charge is applied at the point of delivery to the end consumer, therefore the volumes into and out of storage and storage losses are not included in reporting to the Canadian Revenue Agency ("CRA") and are not subject to the Federal Carbon Charge.[1]

d) The Federal Carbon Charge is applied based on the metered deliveries to end use customers. Direct purchase load balancing is not covered under the GGPPA and therefore is not subject to the Federal Carbon Charge.

[1] The Canadian Revenue Agency has provided clarification for applicability of the GGPPA on natural gas delivered through pipelines in Fuel Charge Notice #11: https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/fcn11/marketable-natural-gas-non-marketable-natural-gas-distributed-pipelines.html

ENBRIDGE GAS INC.

Answer to Interrogatory from
Energy Probe (EP)

INTERROGATORY

Reference:

Exhibit B, Tab 1, Schedule 3

Questions:

a) Please provide a table that reconciles the compressor fuel volume of 16,244 10^3 m^3 in Schedule 3 to the compressor fuel charged in rates for the EGD Rate zone.

b) Please include data for Rate M12/C1. List all necessary assumptions

Response:

a) The Facility Carbon Charge has two components: Company-Use facility cost and Compressor Fuel facility cost. The sum of the Company Use and Compressor Fuel Facility Carbon Costs, $772,220 (Exhibit B, Tab 1, Schedule 5), is divided by the total customer-related forecast volume of 15,861,747 10^3m^3 (Exhibit D, Tab 1, Schedule 1, p. 1) to derive the proposed unit rate of 0.0049 ¢/m^3 for the Facility Carbon Charge. Please see Table 1 for details of this calculation.

Table 1

EGD Rate Zone	
Particulars	**2020 Forecasts**
Compressor Fuel (10^3 m^3)	16,244
OBPS Obligation (tCO_2e) [1]	13,218
Federal Carbon Charge Rate ($/$tCO_2e$)	30.00
Compressor Fuel Use Costs ($)	396,540
Total Facility Use Costs ($) [2]	772,220
Total Customer Volumes (10^3 m^3)	15,861,747
Facility Carbon Charge (¢/m^3)	0.0049

[1] Exhibit B, Tab 1, Schedules 3 and 4.
[2] Includes Company Use facility costs of $375,680 as set out at Exhibit B, Tab 1, Schedule 5.

b) Enbridge Gas can confirm that the schedule referenced in the question, Exhibit B, Tab 1, Schedule 3, does not include compressor fuel volumes related to the Union rate zone or M12/C1.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Energy Probe (EP)

INTERROGATORY

Reference:

Exhibit C, Tables C-1

Questions:

Please update Table C-1 to include the total actual 2019 costs for each rate Zone:

- Actual O&M costs to year end
- Revenue Requirement
- Interest

Response:

Please see Table 1 below for an updated version of Exhibit C, Table C-1, including 2019 administration costs according to combined O&M, revenue requirement and interest costs for each of the EGD rate zone and Union rate zones.

As Enbridge Gas calculates interest monthly on the monthly opening balances in the Greenhouse Gas Emissions Administration Deferral Account (“GGEADA”), in accordance with the approved GGEADA accounting orders, Enbridge Gas has provided total interest rather than a separate interest amount for each cost element. The revenue requirement costs are specific to the IT billing system while all other costs elements are related to O&M expenses.

Table 1
2019 Administration Costs

Cost Element	2019 Forecasted Costs[1] ($millions)	2019 Costs[2] ($millions)			Variance ($millions)
		EGD Rate Zone	Union Rate Zones	Total	
IT Billing System	0.60	0.30	0.22	0.52	(0.08)
Staffing Resources	1.20	0.44	0.28	0.72	(0.48)
Consulting & External Legal Support	0.20	0.04	0.03	0.07	(0.13)
GHG Reporting & Verification	0.10	0.00	0.00	0.00	(0.10)
Bad Debt	0.80	0.13	0.00	0.13	(0.67)
Other Miscellaneous Costs	0.20	0.08	0.05	0.12	(0.08)
Interest[3]	N/A	0.02	0.01	0.04	0.04
Total	**3.10**	**1.00**	**0.59**	**1.59**	**(1.51)**
Total related to O&M	N/A	0.80	0.36	1.15	N/A
Total related to Revenue Requirement	N/A	0.18	0.22	0.41	N/A
Total Interest	N/A	0.02	0.01	0.04	N/A
Total	N/A	**1.00**	**0.59**	**1.59**	N/A

When Enbridge Gas submitted its Updated Application, the Q3 2020 Ontario Energy Board ("OEB") prescribed interest rate was not available. The Q2 2020 OEB prescribed interest rate of 2.18% was used to forecast interest through to the proposed disposition on or commencing October 1, 2020. On June 16, 2020, the OEB released the Q3 2020 prescribed interest rate of 1.38%. Interest calculations have been updated to reflect the newly released prescribed interest rate.

[1] EB-2018-0205, Exhibit C, Table 1, p. 2.
[2] Composed of actual 2019 costs from January to December 2019.
[3] Enbridge Gas did not include a 2019 forecast cost for interest.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Energy Probe (EP)

INTERROGATORY

Reference:

Exhibit C, Table C-1, Page 6 2019 CUSTOMER-RELATED COSTS RECORDED IN THE FCCCVA and Footnote 17

Preamble:

“Enbridge Gas has recorded customer-related costs incurred under the FCPP between April 1, 2019 and July 31, 2019 of $145.70 million in the FCCCVA, including $90.08 million for the EGD rate zone, and $55.62 million for the Union rate zones.”

Questions:

Please provide the working papers for the forecast and actual volumes related to the FCCCVA.

Response:

Please see Attachment 1 for the 2019 forecast customer volumes and the response at Exhibit I.EP.2 parts b) and c), for the actual customer volumes related to the 2019 FCCCVA balance.

2019 Forecast Customer Volumes
10^3 m^3

	Column 1	Column 2	Column 3	Column 4
Rate Zone	**Gross Customer Volumes**	**100% Exempt**	**80% Exempt (Greenhouses)**	**Net Volumes[1]**
EGD	6,755,193	958,818	18,135	5,778,241
Union	8,208,663	4,471,882	332,229	3,404,553
Total	14,963,856	5,430,700	350,363	9,182,793

Notes
[1] column 1 - colum 2 - column 3

ENBRIDGE GAS INC.

Answer to Interrogatory from
Energy Probe (EP)

INTERROGATORY

Reference:

Exhibit C, Table C2, 2019, Facility-Related Costs Recorded in The FCCFVA and footnote 18

Preamble:

Enbridge Gas has recorded a 2019 facility-related variance incurred under the FCPP of $1.22 million in the FCCFVA, including $0.47 million for the EGD rate zone and $0.75 million for the Union rate zones.

Questions:

Please provide the working papers supporting the facility-related volume forecast and actual, and reconcile to the volumes used for calculating rates for the 2020 Federal Carbon Charge, EGD Rate Zone Account No. 179-502 and Union Rate Zones Account No. 179-421.

Response:

Based on the reference and preamble provided, Enbridge Gas's response assumes that the question is referring to the 2019 forecast volumes used to calculate rates for the 2019 Facility Carbon Charge and actual 2019 facility-related volumes and the resulting variance that accumulated in the FCCFVAs, EGD Rate Zone Account No.179-503 and Union Rate Zones Account No. 179-420.

Please see the response at Exhibit I.STAFF.9, for detailed discussion of 2019 Facility Carbon Charge volumes (forecast and actual), rates and resulting variances.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Energy Probe (EP)

INTERROGATORY

Reference:

Exhibit D, Page 3

Questions:

a) Please provide the working papers supporting the 2020-21 volume forecasts. Include adjustments for DSM, Exempt OBPS and Greenhouses as separate lines.

b) Please compare to the 2019 Volume Forecasts.

c) Has the Board approved the 2020 volume forecast?

Response:

a) - b)
Please see Attachment 1.

c) The OEB has not specifically approved the 2020 volume forecast set out in Enbridge Gas's Updated Application at Exhibit B, for the purposes of calculating forecast carbon costs. However, as set out in its Updated Application,[1] the 2020 volume forecast is derived using the same OEB-approved methodologies used to derive Enbridge Gas's OEB-approved 2019 volume forecast and in the case of the customer-related volumes is provided for informational purposes only as customers will be charged the Federal Carbon Charge monthly based on actual billed volumes.[2]

[1] Exhibit B, Tab 1, pp. 1-3; Exhibit B, Tab 2, pp. 1-3.
[2] EB-2018-0205 OEB Decision and Order, July 4, 2019, p. 6.

EGD Rate Zone
Customer Volume Forecasts
10^3 m^3

		April 1, 2019 - March 31, 2020 Forecast Volumes[1]					April 1, 2020 - March 31, 2021 Forecast Volumes[2]				
		Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10
Line	**Rate Class**	**Forecast Volumes**	**DSM Volumes**	**100% Exempt Volumes**	**80% Exempt Volumes (Greenhouse Operators)**	**Net Volumes[3]**	**Forecast Volumes**	**DSM Volumes[4]**	**100% Exempt Volumes**	**80% Exempt Volumes (Greenhouse Operators)**	**Net Volumes[5]**
1	1	4,995,543	5,104	116	73	4,990,250	4,944,833	5,093	238	79	4,939,422
2	6	4,991,529	14,690	114,194	33,357	4,829,288	4,848,159	10,150	122,732	44,267	4,671,010
3	9	-	-	-	-	-	-	-	-	-	-
4	100	7,930	-	-	-	7,930	17,080	28	-	-	17,051
5	110	868,737	2,405	327,653	5,730	532,949	889,181	1,841	237,097	11,473	638,771
6	115	453,458	824	343,450	615	108,569	448,529	771	377,263	-	70,496
7	125	329,071	-	329,071	-	-	561,616	-	561,616	-	-
8	135	64,955	103	-	-	64,852	63,181	385	-	-	62,796
9	145	43,427	92	1,721	3,330	38,284	40,596	17	2,198	3,069	35,312
10	170	325,725	1,844	109,971	-	213,910	272,311	291	90,302	-	181,717
11	200	182,545	-	182,545	-	-	195,046	-	195,046	-	-
12	300	-	-	-	-	-	-	-	-	-	-
	Total	**12,262,921**	**25,062**	**1,408,722**	**43,105**	**10,786,032**	**12,280,532**	**18,578**	**1,586,491**	**58,887**	**10,616,576**

Notes
[1] January - March 2020 forecast volumes have been added to the April - December 2019 volume forecast from updated the EB-2018-0187/EB-2018-0205, Exhibit B, Tab 1, Schedule 1 for comparison purposes.
[2] Some volumes show minor differences to what is filed in EB-2019-0247, Exhibit B, Tab 1, Schedule 1 due to rounding.
[3] column 1 - column 2 - column 3 - column 4
[4] January - March 2021 DSM volume forecasts have not been finalized and are subject to change
[5] column 6 - column 7 - column 8 - column 9

Union Rate Zones
Customer Volume Forecasts
$10^3\ m^3$

		Column 1	Column 2	Column 3	Column 4	Column 5
Line	**Rate Class**	**Forecast Volumes**	**DSM Volumes**[1]	**100% Exempt Volumes**	**80% Exempt Volumes (Greenhouse Operators)**	**Net Volumes**[2]
1	01	995,473	-	89	131	995,253
2	10	356,503	-	22,001	514	333,987
3	M1	3,090,211	-	483	2,037	3,087,691
4	M2	1,250,873	-	27,546	70,897	1,152,430
5	20	671,828	6,646	560,335	-	104,846
6	25	66,521	-	21,420	-	45,101
7	100	863,900	45,015	818,885	-	-
8	M4	237,540	14,071	12,304	101,919	109,246
9	M5	479,011	9,265	77,996	176,825	214,926
10	M7	224,678	9,185	65,270	59,599	90,625
11	M9	352,364	-	238,708	54,000	59,656
12	M10	57,391	-	57,391	-	-
13	T1	491,796	6,158	276,532	85,405	123,702
14	T2	3,933,742	78,669	3,781,699	-	73,374
15	T3	279,216	-	279,216	-	-
	Total	**13,351,047**	**169,008**	**6,239,877**	**551,327**	**6,390,836**

		Column 1	Column 2	Column 3	Column 4	Column 5
Line	**Rate Class**	**Forecast Volumes**	**DSM Volumes**[1]	**100% Exempt Volumes**	**80% Exempt Volumes (Greenhouse Operators)**	**Net Volumes**[2]
1	01	1,008,455	-	174	36	1,008,245
2	10	360,991	-	10,790	1,195	349,007
3	M1	3,107,706	-	1,289	875	3,105,543
4	M2	1,317,238	-	11,840	81,172	1,224,226
5	20	702,656	2,737	522,792	-	177,128
6	25	40,491	-	28,831	-	11,660
7	100	1,076,662	258	1,076,404	-	-
8	M4	677,696	11,730	41,611	272,340	352,014
9	M5	72,531	439	-	28,162	43,930
10	M7	518,011	4,960	198,976	131,348	182,728
11	M9	79,729	-	79,729	-	-
12	M10	1,247	-	1,247	-	-
13	T1	446,183	1,495	134,103	66,530	244,055
14	T2	3,998,908	3,521	3,829,979	-	165,408
15	T3	278,781	-	278,781	-	-
	Total	**13,687,287**	**25,139**	**6,216,545**	**581,658**	**6,863,945**

Notes
[1] January - March 2020 forecast volumes have been added to the April - December 2019 volume forecast from updated the EB-2018-0187/EB-2018-0205, Exhibit B, Tab 2, Schedule 1 for comparison purposes.
[2] Some volumes show minor differences to what is filed in EB-2019-0247, Exhibit B, Tab 2, Schedule 1 due to rounding.
[3] column 1 - column 2 - column 3 - column 4
[4] January - March 2021 DSM volume forecasts have not been finalized and are subject to change
[5] column 6 - column 7 - column 8 - column 9

ENBRIDGE GAS INC.

Answer to Interrogatory from
Energy Probe (EP)

INTERROGATORY

Reference:

No Reference

Preamble:

The press has reported that the implementation of the increase in the 2020 Federal Carbon Charge may be delayed or postponed due to the COV-19 related economic situation.

Questions:

a) Please update ratepayers on this potential situation.

b) Please indicate if Enbridge Gas has received information on deferral of the 2020 Federal Carbon Charge.

c) If the 2020 Federal Carbon Charge is delayed or postponed, please confirm if the 2019 Federal Carbon Charge will continue to apply to 2020 GHG volumes forecast for each Rate Zone.

d) Please provide, as necessary, updated/revised 2020 schedules for each rate zone.

Response:

a) - d)
On March 30, 2020 Prime Minister Justin Trudeau confirmed the Federal Carbon Charge would increase as per Schedule 2 of the Greenhouse Gas Pollution Pricing Act ("GGPPA"), effective April 1, 2020.[1] Enbridge Gas has not received any indication from the federal government that it intends to defer the 2020 Federal Carbon Charge increase. Enbridge Gas will not speculate on the hypothetical scenario that EP has put forward in its interrogatories. It is not reasonable or

[1] https://www.cpac.ca/en/programs/headline-politics/episodes/66178092/

appropriate for Enbridge Gas to be required to produce updated evidence based on EP's hypothetical scenario.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Energy Probe (EP)

INTERROGATORY

Reference:

Exhibit D, Pages 13-14

Preamble:

"Enbridge Gas proposes to dispose of the 2019 FCPP-related deferral and variance account balances prospectively over six-months, consistent with the standard practice of disposition for this set of customers. Enbridge Gas proposes to record any recovery variance associated with the prospective recovery of final 2019 FCPP-Related Deferral and Variance Accounts in the Deferral Clearing Variance Account (179-132), which is consistent with the recovery variance of non-commodity deferral account variances for the Union rate zones.

For all remaining customers in the EGD rate zone and Union rate zones, Enbridge Gas proposes to dispose of the 2019 FCPP-related deferral and variance account balances as a one-time adjustment disposed of in three equal instalments over a three-month period. The one-time billing adjustment will be derived for each customer individually by applying the disposition unit rates to each customer's actual consumption volume within the April 1 to July 31, 2019 period."

Questions:

a) Please clarify why the proposed DVA disposition methodology is not the same for general service customers in each rate zone?

b) Please confirm the monthly bill impact for a typical residential customer in each of the Union and EGD rate zones

Response:

a) Enbridge Gas is currently unable to administer one-time adjustments for general service customers in the Union rate zones because of billing system limitations for this set of customers.

The proposed 2019 FCPP-related deferral and variance account disposition approach is consistent with the disposition approach approved by the Board in the 2018 Disposition of Deferral and Variance Account Balances and 2018 Utility Earnings proceeding ("2018 Deferrals").[1] As discussed in Enbridge Gas's Updated Application at Exhibit D, p. 14, Enbridge Gas anticipates adopting a common disposition approach starting mid-2021 at the earliest, once integrated systems and processes are implemented.

b) The monthly bill impact for a typical residential customer is $7.28/month in the EGD rate zone, $2.76/month in the Union South rate zone and $2.67/month in the Union North rate zone.[2] Disposition of FCPP-related deferral and variance account balances is proposed as a one-time billing adjustment recovered in three equal installments, October to December 2020, for customers in the EGD rate zone and as prospective recovery over six months, October 2020 to March 2021, for customers in the Union rate zones. Please also see Enbridge Gas's Updated Application at Exhibit D, p. 15, section 2.6 for further bill impact details.

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[1] EB-2019-0105 Decision and Rate Order, February 6, 2020, p. 2.
[2] Monthly bill impact for the Union rate zones determined as total bill impact divided by six months. Monthly bill impacts for the Union rate zones will vary based on actual consumption by month during the disposition period.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Energy Probe (EP)

INTERROGATORY

Reference:

Exhibit C, Page 17, *BAD DEBT*

Preamble:

“Absent COVID-19 impacts, Enbridge Gas estimates that it would incur approximately $1.84 million in incremental bad debt expenses in 2020 based on forecasted costs recoverable from customers as a result of the GGPPA, as set out in Exhibit B. While Enbridge Gas has included forecast bad debt costs in Table C-3, the actual bad debt related to the GGPPA will be recorded in the GGEADAs for each rate zone.”

Questions:

a) Please clarify if EGI can request relief from CRA, if it experiences a material increase in bad debt in 2020 due to COVID-19.

b) Has Enbridge taken steps in this regard? Please clarify/discuss.

Response:

a) - b)
Enbridge Gas has had a preliminary conversation regarding relief due to COVID-19 pandemic-related bad debt with the federal government. The conversation focused on education of the impacts to Enbridge Gas, with a suggestion that the utility be allowed to extend the deadline to remit payment in order to mitigate a cash flow concern. The lines of communication remain open and bad debt levels are being monitored. The preliminary discussion suggests opportunities for any relief regarding the amount of Federal Carbon Charge paid by the Company are very limited (or entirely not available) given the federal government’s fiscal considerations.

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

INTERROGATORY

Reference:

Exhibit C, Updated, page 7

Questions:

a) For each of the EGD and Union rate zones, please show the derivation of the actual IT Billing system costs. For any of the actual costs that are capital related, please show how this amount was calculated, including the associated rate base, cost of capital, depreciation, taxes, etc.

b) The evidence states that the billing system modifications related to the Union billing system have been delayed from 2019 to 2020. However, no explanation of the actual $280,000 cost incurred in 2019 has been provided. Please fully explain the $280,000 IT Billing System cost incurred in 2019.

c) Were any of the costs associated with the cap & trade related billing system include in base rates or in any rate riders or deferral or variance accounts? Please explain fully.

Response:

a) The total 2019 IT billing system costs for Enbridge Gas was $519,455:
- The EGD rate zone accounts for $296,455 of this total
  - $182,300 for the revenue requirement associated with Cap-and-Trade-related billing system functionality; and
  - $114,155 in O&M costs for additional billing system modifications required to collect charges related to the Greenhouse Gas Pollution Pricing Act.
- The Union rate zones accounts for $223,000 of this total for the revenue requirement associated with Cap-and-Trade-related billing system functionality.

As discussed in Enbridge Gas's Updated Application at Exhibit C, p. 7, certain modifications to the EGD and Union rate zones' IT billing systems resulting from Ontario's Cap-and-Trade program have been repurposed to collect GGPPA-related charges. Please see the response at Exhibit I.STAFF.6 Attachments 1 and 2 for details of the calculation of revenue requirements for each of the EGD rate zone and Union rate zones, respectively.

b) Enbridge Gas has interpreted LPMA's question to refer to the $0.22 million set out in its Updated Application at Exhibit C, Table C-1.

Actual costs for Union rate zones related to IT billing systems in 2019 are $0.22 million, as set out in Enbridge Gas's Updated Application at Exhibit C, Table C-1 and discussed further in the response at part a) above. Please see the response at Exhibit I.STAFF.6 Attachment 2 for details of the calculation of revenue requirement associated with Cap-and Trade-related billing system modifications repurposed to collect GGPPA-related charges.

c) No, IT billing system costs related to Cap-and-Trade were not included in the base rates of either the EGD or Union rate zones. Included in 2019 FCPP-related administrative costs is the 2019 IT billing system revenue requirement and O&M costs. The 2017 and 2018 IT billing system revenue requirement was included in Cap-and-Trade related deferral accounts.[1]

[1] EB-2018-0331, Exhibit B, Tab 1.

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

INTERROGATORY

Reference:

Exhibit C, Updated, page 8

Questions:

With respect to Staffing Resources, please confirm that EGI had 6 FTE's for the January through April period and 4 FTE's for the May through December period. If this is incorrect, please provide the number of FTE's by month, along with the cost of these resources by month.

Response:

The number of FTE's by month is set out in Table 1.

Table 1

Months		**Number of FTEs**
January 1 to April 30		6
May 1 to November 2		4
November 3 to November 30		3
December 1 to December 31		2

Enbridge Gas reduced the number of FTEs allocated to the deferral account after the amalgamation of EGD and Union effective January 1, 2019. Later in 2019, two employees moved to different roles within Enbridge Gas, leaving 2 vacancies in the department at year end.

On average the cost of each resource per month was just over $13,500.

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

INTERROGATORY

Reference:

Exhibit C, Updated, Table C-1

Questions:

Please provide the interest rate that was used to calculate the interest cost on the 2019 administration costs.

Response:

The OEB prescribed interest rates for OEB-approved deferral and variance accounts used to calculate interest costs applicable to 2019 administration costs are:

- Q1 2019 – 2.45%
- Q2 2019 to Q2 2020 – 2.18%
- Q3 2020[1] – 1.38%

[1] When Enbridge Gas submitted its Updated Application, the Q3 2020 Ontario Energy Board ("OEB") prescribed interest rate was not available. The Q2 2020 OEB prescribed interest rate of 2.18% was used to forecast interest through to the proposed disposition on or commencing October 1, 2020. On June 16, 2020, the OEB released the Q3 2020 prescribed interest rate of 1.38%. Interest calculations have been updated to reflect the newly released prescribed interest rate.

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

INTERROGATORY

Reference:

Ref: Exhibit C, Updated, page 11, Footnote 17

Questions:

Please show the calculation of the $4.03 million in interest costs noted in footnote 17.

Response:

When Enbridge Gas submitted its Updated Application, the Q3 2020 Ontario Energy Board ("OEB") prescribed interest rate was not available. The Q2 2020 OEB prescribed interest rate of 2.18% was used to forecast interest through to the proposed disposition on or commencing October 1, 2020. On June 16, 2020, the OEB released the Q3 2020 prescribed interest rate of 1.38%. Interest calculations have been updated to reflect the newly released prescribed interest rate.

The updated interest cost for the FCCCVA is $3.75 million ($2.31 million for the EGD rate zone and $1.44 million for the Union rate zones). The calculations are provided in Attachment 1 for the EGD and Union rate zones.

EGD Rate Zone
Federal Carbon Charge - Customer Variance Account

		2019									2020								
Line No.	**Particulars ($ millions)**	**April**	**May**	**June**	**July**	**August**	**September**	**October**	**November**	**December**	**January**	**February**	**March**	**April**	**May**	**June**	**July**	**August**	**September**
1	Opening FCCCVA Balance	0	20.49	53.32	69.28	83.02	87.74	87.74	87.74	87.74	87.74	87.74	87.74	87.60	87.60	87.60	87.60	87.60	87.60
2	Prescribed Interest Rate	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	1.38%	1.38%	1.38%
3	Months in Year	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12
4	Interest[1]	-	0.04	0.10	0.13	0.15	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.10	0.10	0.10
5	Cummulative Interest			0.13	0.26	0.41	0.57	0.73	0.89	1.05	1.21	1.37	1.53	1.69	1.84	2.00	2.10	2.21	**2.31**

Notes:
[1] (Line 1 x Line 2) / Line 3

Union Rate Zones
Federal Carbon Charge - Customer Variance Account

		2019									2020								
Line No.	**Particulars ($ millions)**	**April**	**May**	**June**	**July**	**August**	**September**	**October**	**November**	**December**	**January**	**February**	**March**	**April**	**May**	**June**	**July**	**August**	**September**
1	Opening FCCCVA Balance	-	13.15	33.44	46.24	54.26	57.08	54.34	54.34	54.33	54.22	54.22	54.06	54.06	54.06	54.06	54.06	54.06	54.06
2	Prescribed Interest Rate	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	1.38%	1.38%	1.38%
3	Days in Month	30	31	30	31	31	30	31	30	31	31	28	31	30	31	30	31	31	30
4	Days in Year	365	365	365	365	365	365	365	365	365	365	365	365	365	365	365	365	365	365
5	Interest[1]	-	0.02	0.06	0.09	0.10	0.10	0.10	0.10	0.10	0.10	0.09	0.10	0.10	0.10	0.10	0.06	0.06	0.06
6	Cummulative Interest			0.08	0.17	0.27	0.37	0.47	0.57	0.67	0.77	0.86	0.96	1.06	1.16	1.26	1.32	1.38	**1.44**

Notes:
[1] (Line 1 x Line 2 x Line 3) / Line 4

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

INTERROGATORY

Reference:

Exhibit C, Updated, page 12-13

Questions:

Table C-2 shows the variance between the actual and forecast facility-related costs of $0.25 million. However the facility-related variance account has a balance o $1.22 million. As noted on page 12, there is a variance in the amount of revenue billed through the facility carbon charge due to two reasons: the delayed implementation of rates (August 2019 vs. April 2019) and due to a difference in customer volumes realized.

Please provide a table that shows the variance due to each of these two revenue variances.

Response:

Please see the response at Exhibit I.STAFF.9, for details of the facility-related variance.

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

INTERROGATORY

Reference:

Exhibit C, Updated, page 14

Questions:

Please confirm that the administrative costs in 2020 are expected to be similar to the actual costs incurred in 2019, with the exception of the increase in bad debt costs.

Response:

Confirmed.

As set out in its Updated Application at Exhibit C, Enbridge Gas is forecasting a relatively minor increase of approximately $0.3 million in 2020 administration costs, exclusive of bad debt and interest costs, compared to its actual 2019 administration costs ($1.7 million forecast for 2020 vs. $1.43 million actual for 2019). This increase is primarily driven by costs associated with Staffing Resources, Consulting and External Legal Support, and Other Miscellaneous Costs as explained in Enbridge Gas's Updated Application at Exhibit C, pp. 13-18.

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

INTERROGATORY

Reference:

Exhibit D, Updated, page 10

Questions:

With respect to the allocation of the GGEADA please provide the following:

a) What is the 2013 OEB approved administrative and general expense for the Union rate zones related to? In other words how was this allocator derived?

b) Please provide a table that shows the allocation of the GGEADA costs to the Union South and North rate zones by rate classes using the proposed methodology and if the methodology proposed (number of customers) for the EGD rate zone was used for the Union rate zones.

c) The evidence states that the unit rates for disposition are derived using actual volumes for the April 1, 2019 to July 31, 2019 time period. For the Union rate zone general service classes, please confirm that the unit rates are also based on the forecast volumes for the October 1, 2020 through March 31, 2021 period. If this cannot be confirmed, please explain fully.

Response:

a) The 2013 OEB-approved allocation of administrative and general expense for the Union rate zones is an output of the 2013 OEB-approved cost allocation study in Union's 2013 Rates Rebasing proceeding (EB-2011-0210). Administrative and general expenses are allocated in proportion to other O&M expenses by functional classification and rate class.

   This allocation ensures the GGEADA is allocated and recovered from all customers in the same manner as existing administrative costs.

b) Please see Attachment 1. The allocation of administrative costs in proportion to the number of customers is not consistent with the allocation of administrative and general O&M expense costs included in Union Gas Limited's ("Union") Board-approved cost allocation study.

c) Confirmed.

ENBRIDGE GAS INC.
Union Rate Zones
Allocation of 2019 Greenhouse Has Emissions Administration Deferral Account Balance (GGEADA)
Total 2013 A&G versus Total 2019 Number of Customers

		Allocators		GGEADA Deferral Account Balance		
Line No.	Particulars	Total 2013 A&G (1) ($000's)	Total 2019 Number of Customers (2)	Allocation using 2013 A&G (3) ($000's)	Allocation using 2019 Number of Customers (4) ($000's)	Variance
		(a)	(b)	(c)	(d)	(e) = (d-c)
	Union South In-Franchise					
1	Rate M1	80,159	1,148,997	297	446	149
2	Rate M2	7,513	7,909	28	3	(25)
3	Rate M4	2,801	240	10	0	(10)
4	Rate M5	3,131	39	12	0	(12)
5	Rate M7	787	43	3	0	(3)
6	Rate M9	108	4	0	0	(0)
7	Rate M10	25	2	0	0	(0)
8	Rate T1	2,036	38	8	0	(8)
9	Rate T2	5,624	25	21	0	(21)
10	Rate T3	627	1	2	0	(2)
11	Total South In-Franchise	102,812	1,157,298	381	449	68
	Union North In-Franchise					
12	Rate 01	31,817	356,319	118	138	20
13	Rate 10	2,759	2,145	10	1	(9)
14	Rate 20	2,373	56	9	0	(9)
15	Rate 25	2,089	65	8	0	(8)
16	Rate 100	953	12	4	0	(4)
17	Total North In-Franchise	39,992	358,597	148	139	(9)
	Ex-Franchise					
18	Rate M12	14,918	108	55	0	(55)
19	Rate M13	0	7	0	0	0
20	Rate M16	21	3	0	0	(0)
21	Rate C1	323	15	1	0	(1)
22	Excess Utility Storage Space	597	-	2	-	(2)
23	Total Ex-Franchise	15,859	133	59	0	(59)
24	Total In-Franchise & Ex-Franchise	158,663	1,516,028	588	588	-

Notes:
(1) Exhibit D, Tab 2, Schedule 4, Page 2, column (c).
(2) 2019 Actual Number of Customers, Year ended December 31, 2019.
(3) Allocated in proportion to column (a).
(4) Allocated in proportion to column (b).

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

INTERROGATORY

Reference:

Exhibit D, Updated, page 9

Questions:

With respect to the 2019 FCCCVA the evidence states that unit rates for disposition are derived using actual customer-related volumes for the April 1, 2019 to July 31, 2019 period and that the methodology to derive the disposition unit rates is the same for both the EGD rate zone and Union rate zones.

a) Please confirm that the EGD rate zone unit rates of 4.0145 cents per m3 (Exhibit D, Tab 1, Schedule 4, page 1) are the same for all rate classes where there were volumes that attracted the federal carbon charge.

b) Please confirm that the unit rates for the general service customers in the Union rate zones (Exhibit D, Tab 2, Schedule 5, page 1) are all different (M1, M2, 01, 10) than one another and that this difference is driven solely by the forecast volume for the period October 1, 2020 to March 31, 2021. If this cannot be confirmed, please explain any other reasons why the unit rates are different.

c) Given that the unit rate per volume of gas sold in the April 1, 2019 to July 31, 2019 period, but not recovered at the time, was the same for all customers, why it is appropriate to have different unit rates for the Union rate zone general service customers to recover this cost?

Response:

a) Confirmed.

   The unit rates of 4.0145 cents/m^3 are the same for all rate classes in the EGD rate zone where there were natural gas volumes consumed by applicable customers that attracted the Federal Carbon Charge.

b) Confirmed.

c) The allocation of the FCCCVA is in proportion to April 1, 2019 to July 31, 2019 volumes to ensure each rate class is allocated the proportion of FCCCVA costs it is responsible for. The unit rate for prospective recovery is calculated based on forecast volumes to ensure customers pay the rate classes' FCCCVA cost responsibility for this time period.

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

INTERROGATORY

Reference:

Exhibit D, Updated, pages 9-10

Questions:

With respect to the 2019 FCCFVA the evidence states that unit rates for disposition are derived using actual customer-related volumes for the April 1, 2019 to July 31, 2019 period and that the methodology to derive the disposition unit rates is the same for both the EGD rate zone and Union rate zones.

a) Please confirm that the EGD rate zone unit rates of 0.0160 cents per m3 (Exhibit D, Tab 1, Schedule 4, page 2) are the same for all rate classes where there were volumes that attracted the federal carbon charge.

b) Please confirm that the unit rates for the general service customers in the Union rate zones are all different (M1, M2, 01, 10) than one another and that this difference is driven solely by the forecast volume for the period October 1, 2020 to March 31, 2021. If this cannot be confirmed, please explain any other reasons why the unit rates are different.

c) Given that the unit rate per volume of gas sold in the April 1, 2019 to July 31, 2019 period, but not recovered at the time, was the same for all customers, why it is appropriate to have different unit rates for the Union rate zone general service customers to recover this cost?

Response:

a) To clarify, the 2019 FCCFVA unit rates for disposition are derived using actual volumes consumed by customers who are subject to the Facility Carbon Charge.

   The unit rates of 0.0160 cents/m^3 are the same for all rate classes where there were natural gas volumes consumed by applicable customers that attracted the Facility Carbon Charge, not the Federal Carbon Charge.

b) Confirmed.

c) Please see the response at Exhibit I.LPMA.8 c), for explanation of the proposed FCCCVA allocation methodology. This explanation also applies to the FCCCVA.

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

INTERROGATORY

Reference:

Exhibit D, Updated, pages 12-13

Questions:

EGI is proposing a 6-month disposition period for Union zone rates M1, M2, 01 and 10 and a 3-month disposition period for all other Union rate zone rates and EGD rate zone rates. This is despite stating that "This approach smooths the bill impact for all customers over six months, however, the appreciable reduction in the bill impact from adding additional months to disposition is muted/diminished (relative to the impact resulting from one-month compared to three-month disposition)" (Exhibit D, page 12, lines 16-19).

On May 25, 2020, EGI filed a letter with the Ontario Energy Board related to the July 1, 2020 QRAM: Notice of Commodity Cost Increase and Request to Forego QRAM Application. In that letter EGI identified significant increases in gas commodity costs and that these increases are expected to persist through to the October 1, 2020 QRAM.

Given this potential and significant increase in gas commodity costs beginning October 1, 2020, the same time as the proposed disposition of the accounts noted in this proceeding are to begin being recovered, please comment on each of the following, assuming the OEB agrees to forego the July 1, QRAM increase.

a) Does EGI agree that the recovery of the amounts noted in this proceeding effective October 1, 2020, along with the potential for a significant increase in gas commodity costs could cause significant increases in monthly bills over the highest consumption months of the year?

b) Would EGI be able to implement a two-month recovery of the account balances beginning August 1? If so, when would it need a decision from the OEB in order to implement this two-month recovery?

c) Does EGI agree that a shorter two-month recovery period in lower volume months might be more acceptable to ratepayers than waiting to pay the amount in the higher volume months?

d) Would a three-month recovery period, also beginning August 1, 2020 be more acceptable to ratepayers, in the view of EGI?

e) If an August 1, 2020 is not possible, would a two or three month recovery period beginning September 1, 2020 be possible and if so, when would EGI require a decision from the OEB in order to implement this start date?

Response:

a) Enbridge Gas recognizes the impact recovery of 2019 FCPP-related deferral and variance account balances has on customers as of October 1, 2020 and considered options before proposing a rate-smoothing approach for disposition. Enbridge Gas also acknowledges the possibility of increases in gas commodity costs to customers projected for the October 2020 QRAM. However, it is Enbridge Gas's position that any bill impact as a result of a future application (i.e. October QRAM) be dealt with as part of its respective proceeding. As LPMA correctly notes in the preamble to this question, Enbridge Gas filed a letter with the OEB to forego implementation of the July 1, 2020 QRAM impacts because of the current COVID-19 pandemic. If the current gas commodity cost projection were to persist to the October 1, 2020 QRAM, further mitigation efforts may be proposed by Enbridge Gas as part of that proceeding.

Enbridge Gas believes that the proposed rate-smoothing approach, which results in an approximate monthly residential bill impact of \$3 - \$7 per month (for the Union and EGD rate zones, respectively), is still the preferred option.

b) - c)
No, Enbridge Gas is not able to implement a disposition beginning August 1, 2020 due to planned system upgrades occurring at that time and due to the timing required for testing prior to disposition. Enbridge Gas plans for system upgrades and maintenance outside of scheduled rate changes.

d) Please see the response at part b), Enbridge Gas is not able to accommodate a disposition period beginning August 1, 2020.

e) Enbridge Gas would require an OEB decision and approved rate order by August 24, 2020 at the latest to implement a rate change for September 1, 2020.

Enbridge Gas does not agree that implementing prior to October 1, 2020 would be more acceptable to ratepayers. Given the ongoing economic impacts of the COVID-19 pandemic, Enbridge Gas believes ratepayers will be more amenable to an implementation date later in 2020 (i.e. October 1, 2020), as this is more likely to afford them a better understanding of the nature and severity of such impacts.

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

INTERROGATORY

Reference:

Exhibit D, Tab 2, Schedule 5, Updated, page 2

Questions:

The evidence in Exhibit D implies that the amount to be collected from the non-general service rate customers in the Union rate zone are determined by individual account based on their actual consumption for the period April 1, 2010 to July 31, 2019 (Exhibit D, pages 13-14). However, Exhibit D, Tab 2, Schedule 5, page 2 seems to imply that the unit rate is divided over three months and these rates applied to October, November and December, 2020 volumes. Please reconcile and explain fully which approach is being used for the non-general service rates classes in the Union rate zone.

Response:

For Union rate zones non-general service customers, the disposition unit rate set out in Enbridge Gas's Updated Application at Exhibit D, Tab 2, Schedule 5, p. 2, column (c) is derived using customer-related actual volumes for the period April 1, 2019 to July 31, 2019, provided in column (b). Enbridge Gas is proposing to dispose of individual customer balances over a three-month period, from October 2020 to December 2020, with one-third (33%) of the disposition unit rate being applied to customer's individual actual volumes from April 1, 2019 to July 31, 2019, in each month of disposition.

The unit rates for October, November and December in Exhibit D, Tab 2, Schedule 5, pp. 2, columns (d) to (f) are meant to show the unit rate to be used to accommodate the three-month installment period for disposition from customers, not the volumes that will be used in the disposition.

ENBRIDGE GAS INC.

Answer to Interrogatory from
School Energy Coalition (SEC)

INTERROGATORY

Reference:

[Ex.C, p.7] With respect to the IT changes:

Questions:

a. Please provide details regarding what specific IT changes Enbridge undertook.

b. Please explain how those additional capitalized amounts were costed (i.e. internal labour, external vendor charges etc).

c. Please provide the full derivation of the revenue requirement.

Response:

a) The IT billing system changes that were required to enable Enbridge Gas to collect charges related to the Greenhouse Gas Pollution Pricing Act (“GGPPA”) are as follows:

EGD Rate Zone

- Creation of a new ‘identifier’ for customers who are exempt from the customer portion of the Federal Carbon Pricing Program (“FCPP”);
- Elimination of extra cost causation components developed as part of the Cap-and-Trade billing system;
- Functionality to display charges as a line item and associated text;
- Placement and testing of the new line item;
- Ability to identify and charge greenhouse customers a defined percentage of the customer-related Federal Carbon Charge;
- Updates to internal financial reporting;
- System testing and deployment; and
- Modification of the QRAM template.

Union Rate Zones

- Reused existing Cap-and-Trade functionality within Banner for the Federal Carbon Charge – exemption from charges (large emitters) and % of exemption from charges (greenhouse customers);
- Created new rates in Banner for the Federal Carbon Charge and Facility Carbon Charge;
- Revamped process for exemption reporting – Audit control on quarterly basis;
- Made changes to customer bills using Technology and Information Services' bill print application to reflect new line item on bill and to roll the Facility Carbon Charge into Delivery;
- Worked with Finance to create granular reporting to accurately track FCPP-related charges; and
- Testing required to ensure accuracy of the functionality and reflection on the customer bills.

b) For the EGD rate zone IT billing system, the $0.11 million in modifications completed to re-purpose the existing Cap-and-Trade billing system functionality, in order to collect GGPPA-related charges, were incurred as internal labour and treated as an O&M expense in 2019.

No additional capital costs were incurred as a result of the above changes to the general service Banner billing system for the Union rate zones. Billing system modifications to the Union rate zone large volume Contrax billing system, previously expected to be incurred in 2019 but now expected to be incurred in 2020, are expected to be completed by an external contractor and treated as capital.

c) Please see the response at Exhibit.I.STAFF.6 Attachments 1 and 2 for the full revenue requirement calculations related to the original C&T IT changes which were repurposed for the FCPP for each of the EGD rate zone and Union rate zones, respectively.

ENBRIDGE GAS INC.

Answer to Interrogatory from
School Energy Coalition (SEC)

INTERROGATORY

Reference:

[Ex. C, p.17] With respect to the 2020 forecast administrative costs:

Questions:

a. Please explain in detail how Enbridge has forecast the 1.84 million in incremental bad debt expenses for 2020

b. Please confirm that any Federal Carbon Pricing Program related bad debt costs that are caused by the COVID-19 pandemic will be recorded in the in the relevant COVID-19 sub-account established by the Board on a generic basis (Account 1509). If not confirmed, please explain.

Response:

a) Please see the response at Exhibit I.STAFF.7, for details of this forecast.

b) Not confirmed.

Consistent with treatment of bad debt under Enbridge Gas Distribution Inc's ("EGD") and Union Gas Limited's ("Union") Cap-and-Trade Compliance Plans, bad debt amounts resulting from the Federal Carbon Pricing Program ("FCPP") are entirely incremental to bad debt amounts included in Enbridge Gas's base rates. For this reason, former Cap-and-Trade and now FCPP-related bad debt amounts are recorded in administration deferral accounts. Therefore, to the extent that FCPP-related bad debt amounts increase due to the ongoing COVID-19 pandemic, these costs will continue to be recorded in the Greenhouse Gas Emissions Administration Deferral Accounts ("GGEADAs").

ENBRIDGE GAS INC.

Answer to Interrogatory from
School Energy Coalition (SEC)

INTERROGATORY

Reference:

[Ex. D]

Questions:

Please explain how Enbridge took into account in its smoothing proposals for disposition of the DVA balances the impact of its various other rate deferrals it has proposed in other proceedings (i.e. July 1, 2020 QRAM adjustment (EB-2020-0144), 2020 Rates Adjustment (EB-2019-0194)). Please also provide Enbridge's view on the impact of the combined deferrals on customers.

Response:

Please see the response at Exhibit I.LPMA.10 part a), for discussion of Enbridge Gas's considerations related to rate-smoothing and its proposed disposition methodology.