

## ONTARIO ENERGY BOARD

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15 (Sched. B);

**AND IN THE MATTER OF** an Application by Enbridge Gas Inc., pursuant to section 36(1) of the *Ontario Energy Board Act, 1998* for an order or orders for gas distribution rate changes and clearing certain non-commodity deferral and variance accounts related to compliance obligations under the *Greenhouse Gas Pollution Pricing Act, S.C. 2018, c. 12, s. 186*.

### ARGUMENT-IN-CHIEF OF ENBRIDGE GAS INC.

June 25, 2020

#### A. Overview and Background

1. Enbridge Gas Inc. (“Enbridge Gas”), the Applicant, was formed by the amalgamation of Enbridge Gas Distribution Inc. (“EGD”) and Union Gas Limited (“Union”) on January 1, 2019 pursuant to the Ontario Business Corporations Act, R.S.O. 1990, c. B. 16. Enbridge Gas carries on the business of distributing, transmitting and storing natural gas within Ontario.

2. Pursuant to the Government of Canada’s *Greenhouse Gas Pollution Pricing Act* (the “GGPPA”), which received Royal Assent on June 21, 2018 as part of the *Budget Implementation Act, 2018, No. 1*, a federal carbon pricing program (the “FCPP”) applies to any province or territory that requests it or that does not have an equivalent carbon pricing system in place, as determined by the federal government, by January 1, 2019.

3. The FCPP is composed of two elements: (i) a charge on fossil fuels (the “Federal Carbon Charge”) imposed on distributors,<sup>1</sup> importers and producers effective April 1, 2019; and (ii) an Output-Based Pricing System (“OBPS”) for prescribed industrial

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<sup>1</sup> This is in relation to the volumes of natural gas that a distributor delivers to its customers for their own consumption and for the volumes of natural gas that a distributor consumes in the operation of its distribution system to facilitate delivery of natural gas to its customers (i.e. for distribution buildings, boilers/line heaters and natural gas vehicle fleet fuel). See paragraph 9 for additional detail on Enbridge Gas’s obligations as a distributor.

facilities effective January 1, 2019. Enbridge Gas's operations as an integrated natural gas utility in Ontario fall under the purview of the GGPPA, which result in the following costs being incurred:

- (i) incremental program administration costs;
- (ii) customer-related Federal Carbon Charge costs for volumes delivered by Enbridge Gas to its residential, commercial and industrial customers who are not covered under the OBPS; and
- (iii) facility-related costs ("Facility Carbon Charge"), arising from Enbridge Gas's facilities and operation of its gas distribution system.

4. Enbridge Gas filed its consolidated (EGD and Union rate zones) 2019 FCPP application with the Ontario Energy Board ("OEB" or "Board") on January 11, 2019, seeking approval to increase rates (effective April 1, 2019) to recover costs in the EGD rate zone and Union rate zones associated with Enbridge Gas's obligations under the FCPP (EB-2018-0205) ("2019 Application"). The OEB determined that it was appropriate to "...consider the comments of stakeholders and submissions of parties prior to making a determination on any new charges and related bill presentation issues",<sup>2</sup> and did not render its decision on Enbridge Gas's 2019 Application until July 4, 2019. In its Decision and Order on Enbridge Gas's 2019 Application, the OEB, "...generally found the proposals by Enbridge Gas reasonable...";<sup>3</sup> approving forecasts, rate riders and charges as filed (effective April 1, 2019 and to be implemented beginning August 1, 2019) and finalizing the establishment of new FCPP-related deferral and variance accounts.<sup>4</sup>

5. In its written submission on Enbridge Gas's 2019 Application, OEB Staff stated that Enbridge Gas should apply to dispose of the 2019 balances in its proposed FCPP-related deferral and variance accounts as part of a future annual FCPP-related application so that all FCPP-related costs and balances are reviewed in the same proceeding.<sup>5</sup> As set out in the response to OEB Staff interrogatories and reiterated in its

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<sup>2</sup> EB-2018-0205, OEB Interim Decision and Accounting Orders (February 28, 2019), p. 4.

<sup>3</sup> EB-2018-0205, OEB Decision and Order (July 4, 2019), pp. 1-2.

<sup>4</sup> Ibid, pp. 5-6, 9-10 and 12.

<sup>5</sup> EB-2018-0205, OEB Staff Submission (May 27, 2019), p. 6.

reply argument, Enbridge Gas stated its intent to apply to dispose of the 2019 balances in its proposed FCPP-related deferral and variance accounts at the earliest opportunity following the issuance of a Decision and Order from the OEB on Enbridge Gas's 2019 Application.<sup>6</sup> In its Decision the OEB stated that,

[it] expects Enbridge Gas to file an application to update customer rates for future legislated changes to the carbon charges in order to minimize variances. The OEB also expects any applications to dispose of the deferral account and variance accounts to be done in conjunction with any such rate application. This could include the disposition of the variance accounts on an interim basis if audited balances are not yet available when there are legislated changes to the carbon charges.<sup>7</sup>

6. Accordingly, on November 18, 2019, Enbridge Gas filed an application with the OEB seeking approval to: (i) increase the Federal Carbon Charge and Facility Carbon Charge to recover costs associated with meeting its obligations under the GGPPA in 2020;<sup>8</sup> and (ii) dispose of 2019 balances for all FCPP-related deferral and variance accounts, based on actual costs incurred from January 1, 2019 to September 31, 2019 and on forecasted costs from October 1, 2019 to December 31, 2019. Enbridge Gas requested that the OEB approve its proposed rates on an interim basis by February 13, 2020, if the OEB was not able to approve rates on a final basis by that time.

7. On February 11, 2020, the OEB approved Enbridge Gas's proposed increased Federal Carbon Charge and Facility Carbon Charge on customer bills, effective April 1, 2020 for the EGD and Union rate zones, on an interim basis. The OEB did not approve disposition of Enbridge Gas's FCPP-related deferral and variance accounts, even on an interim basis, and directed Enbridge Gas to file updated evidence with final December 31, 2019 balances in these accounts when available. The OEB also stated that

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<sup>6</sup> EB-2018-0205, Exhibit.I.STAFF.13 (April 29, 2019); EB-2018-0205, Enbridge Gas Reply Argument (June 10, 2019), p. 7.

<sup>7</sup> EB-2018-0205, OEB Decision and Order (July 4, 2019), p. 12. [emphasis added]

<sup>8</sup> Including changes from Enbridge Gas's 2019 Application resulting from changes in the federal government's FCPP: (i) confirmation of partial relief (80%) of the Federal Carbon Charge for the greenhouse sector; and (ii) finalization and publication of OBPS regulations and Output-Based Standards ("OBS") for industrials.

Enbridge Gas should include consideration of options for the approach to disposition of account balances that would smooth bill impacts in its updated Application.<sup>9</sup>

8. On May 14, 2020, Enbridge Gas filed an updated application seeking OEB approval to increase the Federal Carbon Charge and Facility Carbon Charge to recover the costs associated with meeting its obligations under the GGPPA, on a final basis, effective April 1, 2020 (the “Updated Application”). Further, as was set out in its Updated Application at Exhibits C and D, Enbridge Gas proposed to clear the final 2019 balances in its OEB-approved FCPP-related deferral and variance accounts, composed of final actual costs recorded in these accounts up to December 31, 2019.

8. Pursuant to the OEB’s Procedural Order No. 2 (dated May 22, 2020), this is Enbridge Gas’s Argument-in-Chief in this proceeding. This Argument-in-Chief is organized as follows:

**Section A:** Enbridge Gas provides an overview of and discusses the relevant historical background leading up to its Updated Application.

**Section B:** Enbridge Gas outlines its obligations under the GGPPA and the approvals it is seeking from the OEB as a result.

**Section C:** Enbridge Gas outlines the volume and carbon cost forecasts from which it has derived proposed unit rates.

**Section D:** Enbridge Gas explains its proposed changes to the Federal Carbon Charge and Facility Carbon Charge and associated modifications to rate schedules.

**Section E:** Enbridge Gas explains the 2019 FCPP-related deferral and variance account balances and discusses allocation and disposition options and its proposed methodology.

## **B. Obligations Under the GGPPA and Relief Sought**

9. As discussed in paragraphs 2 and 3, as a natural gas utility in Ontario, Enbridge Gas is required to register with the Canada Revenue Agency (“CRA”) under Part 1 of the GGPPA as a “distributor” for the volumes of natural gas that it delivers to its

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<sup>9</sup> EB-2019-0247, OEB Interim Decision and Order (February 11, 2020), p. 8.

customers for their own consumption (“Customer Volumes”) and for the volumes of natural gas that it consumes in the operation of its distribution system that are not covered by OBPS (“Company Use Volumes”) to facilitate delivery of natural gas to its customers (i.e. for distribution buildings, boilers/line heaters and natural gas vehicle (“NGV”) fleet fuel). The GGPPA requires Enbridge Gas to remit the Federal Carbon Charge to the government of Canada, on a monthly basis no later than the last day of the first month after the reporting period, for these volumes.<sup>10</sup> The Federal Carbon Charge is equivalent to \$30 per tonne of carbon dioxide equivalent (“tCO<sub>2</sub>e”) or 5.87 ¢/m<sup>3</sup> for marketable natural gas in 2020 and increases by \$10/tCO<sub>2</sub>e annually, reaching \$50/tCO<sub>2</sub>e or 9.79 ¢/m<sup>3</sup> for marketable natural gas in 2022.<sup>11</sup>

10. As set out in paragraphs 2 and 3, Enbridge Gas is also required to register under Part 2 of the GGPPA as an “emitter” for the volumes of natural gas that it consumes in the operation of its transmission and storage compressor stations (“OBPS Volumes”), which are “covered facilities” under the GGPPA, to facilitate delivery of natural gas to its customers.<sup>12</sup>

11. As the costs to comply with the GGPPA form part of Enbridge Gas’s ongoing operating costs as a utility, and consistent with Enbridge Gas’s 2019 Application, Enbridge gas proposes to continue to treat all prudently incurred costs of compliance with the GGPPA as a pass-through to customers. As stated in paragraph 7, on February 11, 2020 the OEB issued an Interim Decision and Order approving proposed increases to the Federal Carbon Charge and Facility Carbon Charge effective April 1, 2020, on an interim basis. As such, Enbridge Gas is requesting approval on a final basis, effective April 1, 2020, to: (i) charge customers a Federal Carbon Charge on a volumetric basis, in the amount of the Federal Carbon Charge required to be paid pursuant to the

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<sup>10</sup> GGPPA, Section 69(1).

<sup>11</sup> Exhibit A, Table A-1, p. 6.

<sup>12</sup> Entities that are covered under Part 2 of the GGPPA are exempt from coverage under Part 1 of the GGPPA and subject to the OBPS established for industrial facilities in prescribed energy intensive and trade exposed (“EITE”) sectors. Entities included in the OBPS are required to apply to Environment and Climate Change Canada (“ECCC”) for a “covered facility” certificate which can then be used to apply to the Canada Revenue Agency for exemption from the Federal Carbon Charge. Please also see Enbridge Gas’s Updated Application at Exhibit A, pp. 6-9.

GGPPA; and (ii) recover Facility Carbon Charge costs on a volumetric basis, included in delivery or transportation charges on customers' bills.

12. Enbridge Gas's Updated Application includes cost estimates and volume forecasts for 2020 that are meant to be used for informational purposes only. Customers will be charged the Federal Carbon Charge and Facility Carbon Charge based on actual volumes. Enbridge Gas will seek disposition of any variance to forecast for 2020 as well as FCPP-related 2020 administration costs through a future application.

### **C. Volume and Carbon Cost Forecasts**

13. As set out in its Updated Application at Exhibit B, Enbridge Gas forecasted total 2020 regulated volumes subject to the GGPPA, for informational purposes only, to be 17,644,228  $10^3\text{m}^3$  resulting in an associated forecast total cost of \$1,030.35 million. 17,480,521  $10^3\text{m}^3$  of these forecasted volumes and associated \$1,026.10 million of these forecasted costs are attributable to Customer Volumes and Federal Carbon Charge costs. The remaining 163,707  $10^3\text{m}^3$  of forecasted volumes and associated \$4.24 million of forecasted costs are attributable to Facility Volumes (composed of Company Use Volumes and OBPS Volumes) and Facility Carbon Charge costs.

14. For the purposes of estimating the Customer Volume forecast, Enbridge Gas excluded: (i) an estimate of customer volumes exempt from Part 1 of the GGPPA, including customer volumes qualifying for exemption for non-covered activities and OBPS-qualified customer volumes with emissions exceeding 10 ktCO<sub>2e</sub>; (ii) estimated volumes delivered to downstream distributors; and (iii) 80% of the estimated volumes delivered to commercial greenhouse operators. Forecast 2020 Customer Volumes and Federal Carbon Charge costs are 10,616,577  $10^3\text{m}^3$  and \$623.19 million for the EGD rate zone and 6,863,944  $10^3\text{m}^3$  and \$402.91 million for the Union rate zones.

15. Enbridge Gas's Facility Volume forecast is based on an estimate of the volume of natural gas and resulting emissions required for Enbridge Gas to facilitate delivery of natural gas to its customers. Facility Volumes are composed of estimates for: (i) Company Use Volumes including distribution buildings, boilers/line heaters, and NGV fleet volumes, all of which are subject to the Federal Carbon Charge under Part 1 of the

GGPPA; and (ii) OBPS Volumes including transmission and storage compression volumes, which are subject to the OBPS as Enbridge Gas's transmission and storage system is a "covered facility" under Part 2 of the GGPPA. Forecast 2020 Facility Volumes and Facility Carbon Charge costs are 22,644 10<sup>3</sup>m<sup>3</sup> and \$0.77 million for the EGD rate zone and 141,063 10<sup>3</sup>m<sup>3</sup> and \$3.47 million for the Union rate zones.

**D. Proposed Federal Carbon Charge and Facility Carbon Charge**

16. As set out in its Updated Application at Exhibit D, p. 3:

Under the GGPPA, Enbridge Gas is required to remit payment of the Federal Carbon Charge to the government of Canada for volumes delivered to its customers and for Company Use Volumes. Enbridge Gas is also required to remit payment for any excess emissions related to OBPS Volumes. These costs are recovered from customers through the Federal Carbon Charge and Facility Carbon Charge unit rates respectively.

17. Accordingly, Enbridge Gas requests approval to incorporate the 2020 impacts of the GGPPA into rates for the EGD rate zone and Union rate zones, on a final basis, including: (i) the Federal Carbon Charge and Facility Carbon Charge that were approved on an interim basis and implemented in rates for the EGD rate zone and Union rate zones, effective April 1, 2020;<sup>13</sup> and (ii) to modify applicable rate schedules accordingly. Administration costs incurred pursuant to managing Enbridge Gas's obligations under the GGPPA in 2020 are not proposed to be incorporated into rates at this time. Rather, these costs will be recorded in Enbridge Gas's OEB-approved Greenhouse Gas Emissions Administration Deferral Accounts and disposed of through a future proceeding, as discussed in further detail within section E.

18. Effective April 1, 2020, Enbridge Gas increased the Federal Carbon Charge on an interim basis from 3.91 ¢/m<sup>3</sup> (or \$20/tCO<sub>2</sub>e) to 5.87 ¢/m<sup>3</sup> (or \$30/tCO<sub>2</sub>e) for actual volumes delivered, as stipulated by the GGPPA,<sup>14</sup> with the exception of those customers exempted, in full or in part, from Part 1 of the GGPPA. Enbridge Gas

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<sup>13</sup> EB-2019-0247, OEB Interim Decision and Order (February 11, 2020), p. 3; EB-2020-0077, Enbridge Gas Inc. April 1, 2020 Quarterly Rate Adjustment Mechanism Application.

<sup>14</sup> Exhibit A, Table A-1.

records the difference between the Federal Carbon Charge amount collected through rates and the actual costs incurred in the Federal Carbon Charge – Facility Variance Account for each of the EGD rate zone and Union rate zones and expects to apply to dispose of the final 2020 balances in these accounts in Enbridge Gas’s 2022 FCPP Application.<sup>15</sup>

19. Effective April 1, 2020 Enbridge Gas increased the Facility Carbon Charge on an interim basis from 0.0036 ¢/m<sup>3</sup> to 0.0049 ¢/m<sup>3</sup> for the EGD rate zone and from 0.0084 ¢/m<sup>3</sup> to 0.0088 ¢/m<sup>3</sup> for the Union rate zones, as set out in Enbridge Gas’s Updated Application at Exhibit D, Table D-1. Consistent with the OEB-approved methodology applied to its 2019 Application,<sup>16</sup> Enbridge Gas proposes to charge a common volumetric charge, derived from Enbridge Gas’s forecast volumes from April 1, 2020 to March 31, 2021, as described at Exhibit D to recover the total regulated Facility Carbon Charge costs for each of the EGD rate zone (estimated costs of \$0.77 million) and Union rate zones (estimated costs of \$3.47 million). As discussed in its Updated Application at Exhibit D, pages 4-6, Enbridge Gas’s Facility Carbon Charge costs are expected to be incurred pursuant to both Company Use Volumes and OBPS Volumes. Enbridge Gas is proposing to recover Facility Carbon Charge costs from all rate classes based on in-franchise delivery volumes and ex-franchise transportation volumes, regardless of whether a customer is exempt from the Federal Carbon Charge. Enbridge Gas records the difference between the amount collected through rates and the actual costs incurred in the Federal Carbon Charge – Customer Variance Account for each of the EGD rate zone and Union rate zones and expects to apply to dispose of the final 2020 balances in these accounts in Enbridge Gas’s 2022 FCPP Application.<sup>17</sup>

20. The bill impact of the 2020 carbon charges for typical residential customers is:

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<sup>15</sup> Please see the response at Exhibit I.STAFF.1, for discussion of the timing of future FCPP-related applications.

<sup>16</sup> EB-2018-0205, OEB Decision and Order (July 4, 2019), p 6.

<sup>17</sup> Please see the response at Exhibit I.STAFF.1, for discussion of the timing of future FCPP-related applications.



- \$47.07 per year in the EGD rate zone (based on annual consumption of 2,400 m<sup>3</sup>);<sup>18</sup> and
- \$43.15 per year in the Union rate zones (based on annual consumption of 2,200 m<sup>3</sup>).

#### **E. 2019 Deferral and Variance Account Balances and Disposition**

21. In its 2019 Application, to ensure compliance with the GGPPA in 2019 and beyond, and so that the costs of compliance with the GGPPA were clearly delineated from those incurred under the Cap-and-Trade Program, Enbridge Gas established six new deferral and variance accounts. The new OEB-approved accounts record separately for each of the EGD rate zone and the Union rate zones: (i) actual administration costs in the Greenhouse Gas Emissions Administration Deferral Accounts (“GGEADA”) (Account No. 179-501 and 179-422)<sup>19</sup>; (ii) Federal Carbon Charge cost variances between the actual costs incurred and the amount recovered through rates related to the volumes delivered by Enbridge Gas in the Federal Carbon Charge – Customer Variance Accounts (“FCCCVA”) (Account No. 179-502 and 179-421); and (iii) Facility Carbon Charge cost variances between the actual costs incurred and the amount recovered through rates related to Company Use and OBPS volumes associated with Enbridge Gas’s operations in the Federal Carbon Charge – Facility Variance Accounts (“FCCFVA”) (Account No. 179-503 and 179-420).

22. As discussed in its Updated Application at Exhibits C and D, Enbridge Gas is seeking to dispose of:

- (i) 2019 administration costs of \$1.60 million recorded in the GGEADAs incurred to manage Enbridge Gas’s obligations under the GGPPA (\$1.01 million for the EGD rate zone and \$0.59 for the Union rate zones), including: IT billing

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<sup>18</sup> As set out in the response at Exhibit I.STAFF.10 a), Enbridge Gas’s original application (November 18, 2019) inadvertently calculated the estimated annual bill impact for typical residential customers in the EGD rate zone at \$47.16, Enbridge Gas’s Updated Application contains the correct bill impact of \$47.07.

<sup>19</sup> No administration costs are currently incorporated into rates on a forecast basis. As the GGEADAs are meant to record the administration costs associated with the impacts of federal regulations related to greenhouse gas emission requirements, actual 2020 administration costs will be recorded in this account and deferred until such time that Enbridge Gas seeks the approval of the Board to dispose of those costs.

- system costs,<sup>20</sup> staffing costs,<sup>21</sup> consulting and external legal support costs,<sup>22</sup> incremental bad debt costs,<sup>23</sup> miscellaneous costs,<sup>24</sup> and interest;<sup>25</sup>
- (ii) 2019 customer-related costs of \$145.70 million recorded in the FCCCVAs incurred as a result of payments Enbridge Gas was required to remit to the CRA from April 1, 2019 to July 31, 2019 during which time Enbridge Gas did not have approval to charge customers (\$90.08 million for the EGD rate zone and \$55.62 million for the Union rate zones); and
  - (iii) 2019 facility-related costs of \$0.98 million recorded in the FCCFVAs incurred due to a difference between actual and forecast facility-related costs, and a variance in the amount of revenue billed through the Facility Carbon Charge (\$0.22 million for the EGD rate zone and \$0.76 million for the Union rate zones).<sup>26</sup>

23. As set out in its Updated Application at Exhibit D, pp. 8-10, Enbridge Gas proposes: to allocate GGEADA balances to rate classes in proportion to the number of customers for the EGD rate zone and 2013 OEB-approved administrative and general expenses for the Union rate zones;<sup>27</sup> and to use actual customers' consumption volumes from April 1 to July 31, 2019 to allocate FCCCVA and FCCFVA balances and to derive disposition unit rates for the FCCCVAs, FCCFVAs, and GGEADAs.<sup>28</sup> As customers' consumption over this period contributed to nearly 99% of 2019 FCPP-

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<sup>20</sup> For additional detail on 2019 IT billing system-related costs please see Exhibit C, p. 7, and the responses at Exhibit I.STAFF.6, Exhibit I.LPMA.1 and Exhibit I.SEC.1.

<sup>21</sup> For additional detail on 2019 staffing costs please see Exhibit C, p. 8, and the responses at Exhibit I.STAFF.5, Exhibit I.BOMA.9, and Exhibit I.LPMA.2.

<sup>22</sup> For additional detail on 2019 consulting and external legal support costs please see Exhibit C, p. 8, and the responses at Exhibit I.STAFF.5, and Exhibit I.BOMA.10.

<sup>23</sup> For additional detail on 2019 incremental FCPP-related bad debt costs please see Exhibit C, p. 10.

<sup>24</sup> For additional detail on 2019 miscellaneous costs please see Exhibit C, pp. 10-11.

<sup>25</sup> For additional detail on 2019 GGEADA interest costs please see Exhibit C, pp. 6, and at Exhibit I.BOMA.5, Exhibit I. EP.8, Exhibit I.LPMA.3,

<sup>26</sup> As set out in the response at Exhibit I.STAFF.9 a), Enbridge Gas's Updated Application proposed to dispose of a 2019 facility-related balance of \$1.22 million. During the 2019 OBPS verification process Enbridge Gas identified an error in OBPS volumes associated with flaring. As a result, Enbridge Gas is seeking to dispose of a corrected 2019 facility-related balance of \$0.98 million (including interest of \$0.01 million). Please also see the response at Exhibit I.STAFF.9 a), Table 2 for additional details regarding the facility-related variance.

<sup>27</sup> Please see the response at Exhibit I. LPMA.7, for details of this allocation methodology.

<sup>28</sup> As set out in the response at Exhibit I.STAFF.12, allocating balances on different volumes than the volumes used to derive the disposition unit rates would result in different unit rates per rate class.

related deferral and variance account balances to be cleared and as disposition unit rates will be applied to each customer's actual consumption volume during this same (April-July) period, it was appropriate to develop disposition unit rates for all three account balances using a consistent set of volumes.<sup>29</sup>

24. In the OEB's Interim Decision and Order dated February 11, 2020, the OEB stated "Enbridge Gas should also propose options for the approach to disposition of the balances that would smooth bill impacts."<sup>30</sup> Accordingly, Enbridge Gas's Updated Application considers 3 disposition options including a one-month disposition (standard practice), three-month disposition and six-month disposition.<sup>31</sup> Enbridge Gas is proposing a one-time billing adjustment disposed of in three equal instalments over a three-month disposition period in order to smooth bill impacts for all customers with the exception of general service customers in the Union rate zones (Rate M1, Rate M2, Rate 01 and Rate 10) for whom Enbridge Gas is proposing 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. The three-month disposition period provides a balance between acceptable bill impacts and the length of the disposition period.<sup>32</sup>

## **F. Conclusions and Relief Sought**

25. For the reasons set out above, Enbridge Gas respectfully requests that the Board make the following findings, determinations and orders:

(i) Approve Enbridge Gas's request to increase the Federal Carbon Charge from 3.91 ¢/m<sup>3</sup> (or \$20/tCO<sub>2e</sub>) to 5.87 ¢/m<sup>3</sup> (or \$30/tCO<sub>2e</sub>), the amount of the Federal

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<sup>29</sup> The exception to this methodology is general service customers in the Union rate zones, for whom Enbridge Gas proposes to dispose of balances over six (6) months, prospectively. This is consistent with the standard practice of disposition for this group of customers. Please also see the responses at Exhibit I.STAFF.12 and Exhibit I.EP.13 for further discussion of this methodology and others considered by Enbridge Gas.

<sup>30</sup> EB-2019-0247, Interim Decision and Order (February 11, 2020), p. 8.

<sup>31</sup> As set out in Enbridge Gas's Updated Application at Exhibit D, p. 14 and in the response at Exhibit I.STAFF.12, Enbridge Gas is not recommending a longer disposition period of six (6) months as the EGD rate zone billing system is limited to one set of volumes for disposition of deferral and variance accounts at a time. As a result, a longer disposition period would limit Enbridge Gas's ability to dispose of other deferral and variance account balances for the EGD rate zone during this period.

<sup>32</sup> Exhibit I.STAFF.13 d).

Carbon Charge required to be paid pursuant to the GGPPA, on a final basis effective April 1, 2020;

(ii) Approve Enbridge Gas's request to increase the Facility Carbon Charge from 0.0036 ¢/m<sup>3</sup> to 0.0049 ¢/m<sup>3</sup> for the EGD rate zone and from 0.0084 ¢/m<sup>3</sup> to 0.0088 ¢/m<sup>3</sup> for the Union rate zones, on a final basis effective April 1, 2020; and

(iii) Approve Enbridge Gas's 2019 balances in FCPP-related deferral and variance accounts (GGEADAs, FCCCVAs and FCCFVAs), together with the proposed allocation and disposition methodologies for each of the EGD and Union rate zones, on a final basis effective October 1, 2020.

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**All of which is respectfully submitted this 25<sup>th</sup> day of June 2020.**

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Adam Stiers  
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