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BY EMAIL

August 27, 2020

Ms. Christine E. Long
Registrar & Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
BoardSec@oeb.ca

Dear Ms. Long:

**Re: Ontario Energy Board (OEB) Staff Comments on Draft Rate Order
Enbridge Gas Inc. – 2020 Federal Carbon Pricing Program Application
OEB File Number: EB-2019-0247**

In accordance with the OEB's Decision and Order of August 13, 2020, please find attached OEB staff's comments on Enbridge Gas Inc.'s draft rate order filed in support of its 2020 Federal Carbon Pricing Program application. The attached document has been forwarded to Enbridge Gas Inc. and to all other parties to this proceeding.

Yours truly,

Original Signed By

Michael Parkes
Project Advisor, Application Policy & Conservation

Encl.



ONTARIO ENERGY BOARD

OEB Staff Comments on Draft Rate Order

Enbridge Gas Inc.

2020 Federal Carbon Pricing Program Application

EB-2019-0247

August 27, 2020

Background

On August 13, 2020, the OEB issued its [Decision and Order](#) on the 2020 Federal Carbon Pricing Program Application of Enbridge Gas Inc. (Enbridge Gas). This Decision and Order required Enbridge Gas to file a draft rate order, and made provision for OEB staff and intervenors to provide comments on the draft rate order by August 27, 2020.

Enbridge Gas filed a draft rate order on August 20, 2020. OEB staff has reviewed this draft rate order and makes the following comments.

Staff Comments

Unit rates for disposition of 2019 balances in Federal Carbon Pricing Program deferral and variance accounts

In its August 13, 2020 Decision and Order, the OEB approved the 2019 balances in Enbridge Gas's Federal Carbon Pricing Program deferral and variance accounts, and Enbridge Gas's methodology of allocating these balances by rate class, subject to certain changes.

Within its draft rate order, Enbridge Gas has provided updated unit rates for the disposition of 2019 balances in all Federal Carbon Pricing Program deferral and variance accounts, which are shown in Appendix B of the draft rate order, for each rate zone. The updated unit rates incorporate the following changes in response to the OEB's direction:

- An updated 2019 balance in the Federal Carbon Charge – Facility Variance Accounts to reflect a change in Enbridge Gas's required payment to the federal government, related to Enbridge Gas's facility emissions from flared volumes of natural gas
- Updated interest calculations on the 2019 balances in all Federal Carbon Pricing Program deferral and variance accounts
 - OEB staff calculations indicate that Enbridge Gas has likely used a Q3 2020 interest rate of 0.57% as directed by the OEB; however, this is not explicitly indicated in the draft rate order
- A three month disposition period beginning October 1, 2020 for all Enbridge Gas customers, including general service customers in the Union rate zones

Enbridge Gas has also provided bill impacts and supporting calculations for the unit disposition rates, as directed by the OEB in its August 13, 2020 Decision and Order.

OEB staff submits that, if Enbridge Gas has used a Q3 2020 interest rate of 0.57%, the draft rate order filed by Enbridge Gas is consistent with the August 13, 2020 Decision and Order, and that the unit rates for the disposition of 2019 balances in all Federal Carbon Pricing Program deferral and variance accounts (shown in Appendix B of Enbridge Gas's draft rate order) should be approved as filed. These rates should be approved on a final basis, with the exception that the disposition rates for the Federal Carbon Charge – Customer Variance Account should apply on an interim basis for First Nations on-reserve customers, as stated in the OEB's August 13, 2020 Decision and Order.

Rates for Federal Carbon Charge and Facility Carbon Charge

Enbridge Gas did not include a schedule of final rates for the Federal Carbon Charge and the Facility Carbon Charge as part of its draft rate order, as the final rates approved in the August 13, 2020 Decision and Order were unchanged from those previously approved on an interim basis, which were incorporated into Enbridge Gas's rate schedules through the April 1, 2020 QRAM proceeding.¹

Interim Nature of Charges for On-reserve Customers and Presentment of Rates in Rate Handbook

In its August 13, 2020 Decision and Order, the OEB determined that the Federal Carbon Charge and the disposition unit rates for the Federal Carbon Charge – Customer Variance Account would apply on an interim basis for First Nations on-reserve customers, pending the OEB's consideration of the Deferred Issues at a later date. The interim nature of these charges is not mentioned in the draft rate order.

Enbridge Gas did not include an updated rate handbook with complete rate schedules for all customer classes as part of its draft rate order, so it is unclear whether and how the interim nature of these charges would be shown in the rate handbook. An updated rate handbook will presumably be filed in Enbridge Gas's October 1, 2020 QRAM application.

Reply Comments from Enbridge Gas

The August 13, 2020 Decision and Order did not make explicit provision for reply comments from Enbridge Gas to respond to comments from OEB staff (or other parties) regarding the draft rate order. However, OEB staff suggests that Enbridge Gas file a brief letter to:

- indicate whether and how it intends to note the interim nature of the Federal Carbon Charge and the disposition unit rates for the Federal Carbon Charge –

¹ EB-2020-0077

Customer Variance Account for First Nations on-reserve customers in its rate handbook

- confirm that it has used a Q3 2020 interest rate of 0.57% in calculating the final 2019 balances in the Federal Carbon Pricing Program deferral and variance accounts

OEB staff submits that this information would be of value to the OEB in its determination regarding the final Rate Order in this proceeding.

All of which is respectfully submitted.