

November 9, 2020

VIA RESS

Ms. Christine E. Long
Registrar
ONTARIO ENERGY BOARD
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, Ontario
M4P 1E4

Ian A. Mondrow
Direct 416-369-4670
ian.mondrow@gowlingwlg.com

Assistant: Cathy Galler
Direct: 416-369-4570
cathy.galler@gowlingwlg.com

Dear Ms. Long:

Re: EB-2020-0095 – Enbridge Gas Inc. (EGI) 2021 Rates Phase 1 (IRM) Application.

Industrial Gas Users Association (IGUA) – Comment on Decision Note regarding PDCI.

We write as counsel herein to IGUA.

In reviewing the Board's November 6, 2020 *Decision on Settlement and Interim Rate Order* herein we noticed an error in a footnote to the decision related to the Parkway Delivery Obligation (PDO) topic. The error is not material to the Board's determinations in this matter, and IGUA does not seek any review or revision. The error is, however, related to a matter of some importance to IGUA's affected members (IGUA's members are among the customers with PDO requirements), and we write to note the matter for the record, and for future reference when the topic returns for the Board's consideration.

Footnote 6 at page 4 of the decision addresses the Parkway Delivery Commitment Incentive (PDCI) as follows:

PDCI is the incentive paid by the former Union Gas to direct purchase customers who still opt to deliver gas at Parkway but are no longer obligated to do so as part of the PDO agreement.

Later in the current decision the Board endorses as part of the Settlement Agreement accepted by the Board the agreement that EGI will file evidence in its 2022 rate case addressing elimination or reduction of the PDO/PDCI.

This footnote 6 echoes a statement made in Board Staff's October 15, 2020 *Submission on Settlement* Proposal herein (see page 6), which we informally notified staff was in error (though it

was not corrected). Staff had made a similar error in its submission on the settlement proposal filed in EGI's 2019 rates application [EB-2018-0305], stating:

Direct purchase customers that chose to deliver at Parkway receive an incentive called the Parkway Delivery Commitment Incentive (PDCI).

In that earlier case we submitted a correction letter following review of Staff's proposal (our letter was dated June 4, 2018, and a copy as filed in the 2019 rates proceeding is attached to this letter). Despite that attempted correction, and a similar informal attempt following our review of Staff's submission in the current case, the error persists. As the matter of further PDO/PDCI reduction will come back before the Board in EGI's 2022 rate application, we write to ensure a correct understanding of the PDO/PDCI mechanism which was the subject of a comprehensive and carefully negotiated settlement among interested parties, which settlement was ultimately endorsed by the Board.

The PDO is a requirement (i.e. obligation) by EGI that customers deliver gas at Parkway. This obligation to deliver gas at Parkway is imposed on EGI's direct purchase (DP) customers, and assumed by EGI on behalf of system supply customers, in order to avoid a more costly Dawn-Parkway build. In recognition of the obligation imposed on certain large volume DP customers to deliver their gas to EGI at Parkway to avoid this build, these PDO customers are compensated with the PDCI (which is a proxy for the cost of moving gas from Dawn, where much of the gas consumed in Ontario is now purchased, to Parkway where EGI needs it to be delivered).¹

Accordingly, pursuant to the June 16, 2014 *Settlement Framework for Reduction of Parkway Delivery Obligation* as approved by the Board in its EB-2013-0365 *Decision and Order on Parkway Delivery Obligation*, the PDCI is paid on Parkway deliveries that EGI requires from DP customers. Section B.5 of the *Settlement Framework* goes on to clarify that "volumes voluntarily delivered to Parkway, rather than delivered pursuant to a PDO required by Union, will not attract PDCI" (our emphasis).

We hope that this clarifies the matter, for reference as the PDO/PDCI mechanism is further considered in the future.

Yours truly,



Ian A. Mondrow

c: S. Rahbar (IGUA)
M. Kitchen (EGI)
D. Stevens (Aird & Berlis LLP)
K. Viraney (OEB Staff)
Intervenors of Record

¹ There is also a PDCI credit applied on account of the gas delivered to Parkway by EGI on behalf of its system supply customers.

June 4, 2019

VIA RESS AND COURIER

Ms. Kirsten Walli
ONTARIO ENERGY BOARD
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, Ontario
M4P 1E4

Ian A. Mondrow
Direct 416-369-4670
ian.mondrow@gowlingwlg.com

Assistant: Cathy Galler
Direct: 416-369-4570
cathy.galler@gowlingwlg.com

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Dear Ms. Walli:

Re: EB-2018-0305 – Enbridge Gas Inc. (EG) 2019 Rates Application.

Industrial Gas Users Association (IGUA) Correction to Staff Submission on Settlement Proposal.

As legal counsel to IGUA herein we have reviewed OEB Staff's submission on the recently filed settlement proposal. There is one small matter from that submission that we would like to correct. While we do not believe that this matter is material to the issues settled or those remaining unsettled, given IGUA's direct interest in the Parkway Delivery Obligation (PDO) topic, we would like to correct the record to ensure continued proper understanding of that topic.

At page 6 of its submission OEB Staff states (our emphasis):

Direct purchase customers that chose to deliver at Parkway received an incentive called the Parkway Delivery Commitment Incentive (PDCI). In this application, Enbridge Gas has updated the PDO and PDCI costs to reflect the 2019 Rate M12 Dawn-Parkway compressor fuel.

This topic is one of the topics in respect of which the parties have agreed with EG in the current (2019 rates) proceeding.

OEB Staff's error is in the statement that the PDCI applies to customers that chose to deliver gas at Parkway. Pursuant to the June 16, 2014 *Settlement Framework for Reduction of Parkway Delivery Obligation*, as approved by the Board in its EB-2013-0365 *Decision and Order on Parkway Delivery Obligation*, the PDCI is paid on Parkway deliveries that EG requires from DP customers. Section B.5. of the *Settlement Framework* goes on to clarify that "volumes voluntarily delivered to Parkway, rather than delivered pursuant to a PDO required by Union, will not attract PDCI". The choice that direct purchase customers have made in respect of the negotiated and Board approved PDO

framework is whether to move their otherwise Parkway obligated deliveries to Dawn, subject to the capacity from Dawn to Parkway available to facilitate such movements.

Again, while of no particular consequence to the Settlement Agreement before the Board in this proceeding, given the extensive history of the PDO/PDCI issue, and its very detailed and painstakingly wrought settlement in the spring of 2014, we thought it appropriate to ensure that general understanding of that matter remains clear with the passage of time.

Yours truly,


Ian A. Mondrow

c: K. Culbert (EGD)
V. Innis (Union)
M. Kitchen (Union)
C. Smith (Lax O'Sullivan)
S. Rahbar (IGUA)
K. Viraney (OEB Staff)
Intervenors of Record

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