



Ontario  
Energy  
Board | Commission  
de l'énergie  
de l'Ontario

**BY EMAIL**

November 12, 2020

Ms. Christine E. Long  
Registrar  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto ON M4P 1E4

Dear Ms. Long:

**Re: Enbridge Gas Inc.  
Low Carbon Energy Project  
OEB Staff Submission on Draft Rate Schedules  
Ontario Energy Board File Number: EB-2019-0294**

In accordance with the Ontario Energy Board's Decision and Order for the above proceeding that was issued on October 29, 2020, please find attached the OEB staff submissions on Enbridge Gas Inc.'s draft rate schedules. This document has been sent to Enbridge Gas Inc. and to all other registered parties to this proceeding.

Enbridge Gas Inc. is reminded that its reply submission is due by November 19, 2020, should it choose to file one.

Yours truly,

Ritchie Murray  
Project Advisor, Natural Gas

c. Applicant and intervenors

Encl.



# **OEB Staff Submission on Draft Rate Schedules**

## **Low Carbon Energy Project**

**Enbridge Gas Inc.**

**EB-2019-0294**

**November 12, 2020**

## INTRODUCTION

On March 31, 2020, Enbridge Gas Inc. (Enbridge Gas) filed an updated application with the Ontario Energy Board (OEB) seeking approvals necessary to conduct the first phase of a pilot project (Project) that would involve injecting a controlled quantity of hydrogen into an isolated portion of its existing natural gas distribution system called the Blended Gas Area (BGA). The resulting blended gas would be composed predominantly of standard natural gas with up to 2% hydrogen. Upon completion of the Project, Enbridge Gas would be able to provide blended gas to approximately 3,600 customers in Markham, Ontario.

One cost consequence related to the Project arises from the lower heating value of hydrogen gas – and the resulting blended gas – when compared to that of the standard natural gas that Enbridge Gas currently distributes. Because of the lower heating value, natural gas consumers in the BGA would need to consume a larger volume of blended gas to get the same amount of energy as contained in the same volume of standard natural gas. Since Enbridge Gas customers are charged a volumetric rate, customers in the BGA would experience a bill increase relative to the bills of other consumers due to increased consumption to get the same level of energy content. Enbridge Gas applied under section 36 of the *Ontario Energy Board Act, 1998* for approval of annual rate riders (credits) to offset this bill impact.

Enbridge Gas explained that for a typical residential customer in the BGA consuming 2,400 m<sup>3</sup> per year, the equivalent amount of blended gas for the same amount of energy is approximately 2,433 m<sup>3</sup> per year. Based on January 2020 QRAM rates, these customers would pay approximately \$8.99 more than a similar customer located outside the BGA. In order to ensure that BGA customers are kept whole, Enbridge Gas proposed an annual rate rider credit of \$10.00 per year.

Enbridge Gas stated that there are 20 Rate 6 customers in the BGA. Based on January 2020 QRAM rates, a typical Rate 6 customer in the BGA consuming 22,606 m<sup>3</sup> per year of standard natural gas would have to consume approximately 22,918 m<sup>3</sup> of blended gas. This equates to a typical Rate 6 customer in the BGA paying approximately \$76.77 more per year than a non-BGA customer. Like the rate rider treatment for Rate 1 customers, Enbridge Gas proposed to provide an annual rate rider of \$86.00 for Rate 6 customers in the BGA.

The OEB approved Enbridge Gas's application on October 29, 2020. In the Decision and Order, the OEB ordered Enbridge Gas to file drafts of the Rate 1 and Rate 6 schedules that it proposes to include in its Rate Handbook.

On November 5, 2020, Enbridge Gas filed draft Rate 1 and Rate 6 schedules and a proposed schedule that sets out specifics related to its proposed Rider L, the Hydrogen Gas Rider. Enbridge Gas has not noted Rider L in the rate schedules for Rate 1 or Rate 6. Enbridge Gas notes that Rider L would apply to only around 3,600 customers, which is a small sub-set of Enbridge Gas's total customer base. As a result, Enbridge Gas proposes to include Rider L in its Rate Handbook but not to mention it in the broadly-applicable Rate 1 and Rate 6 schedules. Enbridge Gas submits that this will avoid customer confusion related to the applicability of Rider L. Enbridge Gas notes that it has taken this same approach for Rider I, the System Expansion Surcharge (i.e., Rider I, which only applies to a subset of customers, is not mentioned in the schedules for Rate 1 or Rate 6).

## OEB STAFF SUBMISSIONS

OEB staff has no concerns with Enbridge Gas's proposed approach to include Rider L in its Rate Handbook but not to mention it in the Rate 1 and Rate 6 schedules as this approach is consistent with the treatment of other rates that only apply to a subset of customers in a given rate class. OEB staff submits that Rider L should be approved by the OEB as filed.

OEB staff notes that the Rate 1 and Rate 6 schedules filed by Enbridge Gas in this proceeding are identical to those it filed in its Quarterly Rate Adjustment Mechanism application for rates effective October 1, 2020<sup>1</sup> except for the effective dates. The effective date for the Rate 1 and Rate 6 schedules filed by Enbridge Gas in this proceeding is July 1, 2021. It is OEB staff's understanding that the Rate 1 and Rate 6 schedules filed by Enbridge Gas in this proceeding are for illustrative purposes and are only meant to demonstrate that the rate schedules do not refer to Rider L. In other words, the schedules have not been filed for OEB approval in this proceeding.

OEB staff submits that the proposed Rider L schedule accurately reflects the OEB's findings in its October 29, 2020 Decision and Order in respect of applicability, quantum and term. OEB staff notes that Rider L is to be reviewed annually and updated if there is a material change in the price of natural gas.

*All of which is respectfully submitted.*

---

<sup>1</sup> EB-2020-0195