

**ONTARIO ENERGY BOARD**

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

**AND IN THE MATTER OF** an Application by EPCOR Natural Gas Limited Partnership pursuant to section 36 of the Act, for final approval of rates approved on an interim basis under file no. EB-2020-0076.

**AND IN THE MATTER OF** an Application by EPCOR Natural Gas Limited Partnership pursuant to section 36 of the Act for an order, effective April 1, 2021, to recover costs resulting from the utility meeting its obligations under the federal government’s *Greenhouse Gas Pollution Pricing Act*.

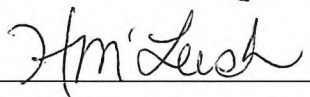
**AFFIDAVIT OF SERVICE**

I, **Tim Hesselink**, residing in the Town of Collingwood in the Province of Ontario, Canada, make **OATH AND SAY** as follows:

1. I am employed as the Senior Manager, Regulatory Affairs for EPCOR Natural Gas Limited Partnership (“**ENGLP**”) and as such, I have knowledge of the matters hereinafter deposed to.
2. On October 16, 2020, I filed with the Ontario Energy Board (the “**Board**”):
  - a. ENGLP’s application for final approval of rates approved on an interim basis in proceeding EB-2020-0076 as well as additional evidence on the deferral and variance accounts used to track costs associated with the utility meeting its obligations under the *Greenhouse Gas Pollution Pricing Act*; and
  - b. ENGLP’s application for approval to increase rates effective April 1, 2021 to recover the costs associated with meeting its obligations under the *Greenhouse Gas Pollution Pricing Act*.(collectively, the “**Applications**”).

3. In accordance with the October 30, 2020 Letter of Direction issued by the Board, I caused to be served by email a copy of the Notice of Hearing (“**Notice**”) for ENGLP’s Applications (Exhibit “A”) and the Applications and evidence (Exhibit “B”). The Notice, Applications and evidence were served on all intervenors in the following proceeding: EPCOR’s 2019 Federal Carbon Pricing Program proceeding (EB-2019-0101) and EPCOR’s South Bruce Rates proceeding (EB-2018-0264). Attached as Exhibit “C” is a copy of the correspondence which evidences that the intervenors were served with the required documents.
4. In accordance with the Letter of Direction, I caused a copy of the Notice, Applications and evidence to be placed in a prominent place on ENGLP’s website. Attached as Exhibit “D” is proof of the information posted on ENGLP’s website.
5. I am informed and verily believe that due to the Covid-19 pandemic and for health and safety reasons, ENGLP’s office is not currently open to the public; however, a copy of the Notice, Applications and evidence will be made available to a public member upon request.

SWORN BEFORE ME at the Town of  
**Collingwood** in the Province of Ontario  
this 18<sup>th</sup> day of **November**, 2020.

  
\_\_\_\_\_  
A Notary Public in and for Ontario

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\_\_\_\_\_  
**Tim Hesselink**

THIS IS EXHIBIT 'A' referred to in  
the Affidavit of Tim Hesselink sworn  
before me this 18<sup>th</sup> day of November,  
2020.

A handwritten signature in black ink, appearing to read "Tim Hesselink", is written over a horizontal line.

A Commissioner, etc.

## Exhibit "A"



## ONTARIO ENERGY BOARD NOTICE TO CUSTOMERS OF EPCOR NATURAL GAS LIMITED PARTNERSHIP

**EPCOR Natural Gas Limited Partnership has applied to raise its natural gas rates effective April 1, 2021, to recover costs associated with the federal government's *Greenhouse Gas Pollution Pricing Act*, and to recover certain related account balances.**

**Learn more. Have your say.**

EPCOR Natural Gas Limited Partnership has applied to the Ontario Energy Board for approval to increase its rates effective April 1, 2021, to recover the costs associated with meeting its obligations under the federal government's *Greenhouse Gas Pollution Pricing Act*. EPCOR Natural Gas Limited Partnership has also applied to recover from customers the balances in the related deferral and variance accounts.

If the application is approved as filed, the amount EPCOR Natural Gas Limited Partnership charges a typical residential customer would increase by the following amounts:

- A typical residential customer in the Aylmer service area will see an annual bill increase of \$70.48. This is composed of an annual bill increase of \$41.47 arising from the 2021 carbon charges, plus a charge of \$29.01 to recover the balances in the related deferral and variance accounts.
- A typical customer in the South Bruce service area will see an annual bill increase of \$42.12 arising from the 2021 carbon charges.

EPCOR Natural Gas Limited Partnership has also applied for final approval of its rates approved on an interim basis under file no. EB-2020-0076. In February 2020, EPCOR Natural Gas Limited Partnership filed an application, under file no. EB-2020-0076, for approval to increase its rates, effective April 1, 2020, to recover costs associated with meeting its obligations under the *Greenhouse Gas Pollution Pricing Act*. The Ontario Energy Board approved the rates on an interim basis pending the filing of additional information on the deferral and variance accounts. EPCOR Natural Gas Limited Partnership has filed the additional information and is now requesting final approval of the interim rates. The interim rates have been in effect since April 1, 2020 in the Aylmer service area and since June 1, 2020 in the South Bruce service area.

The *Greenhouse Gas Pollution Pricing Act* establishes a carbon pricing program under which a natural gas utility in Ontario, such as EPCOR Natural Gas Limited Partnership, is required to pay a carbon charge for the natural gas that it delivers to its customers. The carbon charge came into effect on April 1, 2019. The charge increased to 5.87 cents/m<sup>3</sup> on April 1, 2020 and will increase to 7.83 cents/m<sup>3</sup> on April 1, 2021. The costs related to emissions from the operation of EPCOR Natural Gas Limited Partnership's natural gas distribution system are also increasing.

Other customers, including businesses, will also be affected.

### THE ONTARIO ENERGY BOARD WILL HOLD A PUBLIC HEARING

The Ontario Energy Board (OEB) will hold a public hearing to consider the application filed by EPCOR Natural Gas Limited Partnership. During the hearing, which could be an oral or written hearing, we will question EPCOR Natural Gas Limited Partnership on the

request for a rate increase. We will also hear questions and arguments from individuals that have registered to participate (called intervenors) in the OEB's hearing.

The OEB is an independent and impartial public agency. We make decisions that serve the public interest. Our goal is to promote a financially viable and efficient energy sector that provides you with reliable energy services at a reasonable cost.

### BE INFORMED AND HAVE YOUR SAY

You have the right to information regarding this application and to be involved in the process.

- You can review EPCOR Natural Gas Limited Partnership's application on the OEB's website now
- You can file a letter with your comments, which will be considered during the hearing
- You can become an intervenor. As an intervenor you can ask questions about EPCOR Natural Gas Limited Partnership's application and make arguments on whether the OEB should approve EPCOR Natural Gas Limited Partnership's request. Apply by **November 23, 2020** or the hearing will go ahead without you and you will not receive any further notice of the proceeding
- At the end of the process, you can review the OEB's decision and its reasons on our website

### LEARN MORE

The OEB will hear the application for the 2020 federal carbon charge (EB-2020-0076) and the current application, for the 2021 federal carbon charge (EB-2020-0231), jointly. Our file numbers for this case are **EB-2020-0076** and **EB-2020-0231**.

To learn more about this hearing, find instructions on how to file a letter with your comments or become an intervenor, or to access any document related to this case, please enter either of the file numbers **EB-2020-0076** or **EB-2020-0231** on the OEB website: [www.oeb.ca/participate](http://www.oeb.ca/participate). You can also phone our Public Information Centre at 1-877-632-2727 with any questions.

### ORAL VS. WRITTEN HEARINGS

There are two types of OEB hearings – oral and written. EPCOR Natural Gas Limited Partnership has applied for a written hearing. The OEB is considering this request. If you think an oral hearing is needed, you can write to the OEB to explain why by **November 23, 2020**.

### PRIVACY

If you write a letter of comment, your name and the content of your letter will be put on the public record and the OEB website. However, your personal telephone number, home address and email address will be removed. If you are a business, all your information will remain public. If you apply to become an intervenor, all information will be public.

This rate hearing will be held under section 21(5) and section 36 of the Ontario Energy Board Act, 1998, S.O. 1998, c.15 Schedule B.



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

THIS IS EXHIBIT 'B' referred to in  
the Affidavit of Tim Hesselink sworn  
before me this 18<sup>th</sup> day of November,  
2020.

A handwritten signature in black ink, appearing to read "Tim Hesselink", is written over a horizontal line.

A Commissioner, etc.

## Exhibit "B"



43 Stewart Road  
Collingwood, Ontario  
L9Y 3M7 Canada  
**epcor.com**

October 16, 2020

**Sent by EMAIL, RESS e-filing**

Ms. Christine E. Long  
Registrar and Board Secretary  
Ontario Energy Board  
27-2300 Yonge Street  
Toronto, ON M4P 1E4

Dear Ms. Long:

**Re: EB- 2020-0076 EPCOR Natural Gas Limited Partnership ("ENGLP")  
2020 Federal Carbon Pricing Program Application – updated evidence**

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In response to the letter received September 10, 2020, ENGLP is submitting supporting evidence for clearance of the 2019 Deferral and Variance Accounts (DVA's) in an effort to finalize the 2020 Federal Carbon Pricing Program Application.

This supplementary filing includes a request for clearance and disposition of the 2019 DVAs, along with a request for approval on a final basis of the 2020 FCPP rates, currently in effect on an interim basis.

Please feel free to contact me if you have any questions regarding this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "T. Hesselink", is positioned below the "Sincerely," text.

Tim Hesselink  
Senior Manager, Regulatory Affairs  
EPCOR Natural Gas Limited Partnership  
(705) 445-1800 ext. 2247  
THesselink@epcor.com





**EPCOR Natural Gas Limited Partnership**

**2020 Federal Carbon Pricing Program -  
Additional Evidence Filing**

**EB-2020-0076**

**Additional Evidence Filed: October 16, 2020**

*Original Application Filed: February 27, 2020*

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**ONTARIO ENERGY  
BOARD**

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

**AND IN THE MATTER OF** an Application by EPCOR Natural Gas Limited Partnership for an Order under section 36(1) of the Act for an order or orders for rates to recover costs resulting from the *Greenhouse Gas Pollution Pricing Act*, S.C. 2018, c. 12, s. 186.

**APPLICATION**

**Background:**

EPCOR Natural Gas Limited Partnership (ENGLP) filed an application on February 27, 2020, seeking Ontario Energy Board (OEB) approval to increase rates to recover costs associated with meeting its obligations under the federal *Greenhouse Gas Pollution Pricing Act*, S.C. 2018, c. 12, s. 186, (GGPPA) and to dispose of 2019 balances for all deferral and variance accounts related to the Federal Carbon Pricing Program (FCPP). The application originally pertained to ENGLP's Aylmer operations (ENGLP Aylmer). ENGLP stated that its application would be updated in the near future to include evidence supporting ENGLP's request for an order approving disposition of 2019 balances in its FCPP-related deferral and variance accounts (DVAs) for ENGLP Aylmer. The OEB issued an Interim Decision and Order on March 26, 2020, approving ENGLP Aylmer's proposed rates for the Federal Carbon Charge and Facility Carbon Charge on an interim basis, effective April 1, 2020.

On April 3, 2020, the OEB issued a letter indicating that the issuance of the Notice of Hearing in this proceeding was deferred until the evidence supporting disposition of the 2019 DVA balances was filed.

On May 1, 2020, ENGLP filed supplementary evidence in this proceeding in support of a request to recover costs associated with meeting its obligations under the GGPPA for its Southern Bruce operations (ENGLP Southern Bruce) including a request for interim FCPP-related rates for the Southern Bruce franchise area. The OEB's Interim Decision and Order of May 21, 2020 approved the June 1, 2020 implementation of the Federal Carbon Charge on an interim basis. ENGLP Southern Bruce had no amounts pertaining to 2019 in any of its FCPP-related deferral and variance

accounts,<sup>1</sup> therefore it did not seek recovery of balances with respect to 2019 costs.

### **The DVAs:**

In ENGLP's' 2019 FCPP proceeding, the OEB approved the establishment of variance accounts for customer-related costs and facility-related costs, and a deferral account for ENGLP's administration costs, related to the FCPP. ENGLP indicated that it will seek approval in the current proceeding to dispose of balances in these accounts through the end of 2019, based on actual costs incurred from January 1, 2019 to December 31, 2019.

In the current proceeding, EPCOR's original application and evidence did not provide any information on the expected balances in these DVAs or the proposed disposition methodology. ENGLP indicated that it expected to file updated evidence in the near future with final 2019 audited balances and a proposed disposition methodology. In its Interim Decision and Order dated March 26, 2020, the OEB found that no order was required for ENGLP to continue to track FCPP-related costs in its DVAs beyond December 31, 2019, as the accounting orders that established the DVAs had no sunset date.

Furthermore, reasonable administrative costs for can continue to be tracked in the GGEADA account in so far as the costs recorded are administrative costs associated with the impacts of the GGPPA for EPCOR Aylmer.

### **Order Requested:**

ENGLP requests approval on a final basis of the 2020 FCPP rates, currently in effect on an interim basis. ENGLP relies on the evidence submitted in the original application to support this request.

In addition, ENGLP is requesting to dispose of the December 31, 2019 audited balances for the following three deferral and variance accounts as part of this Application:

- Federal Carbon Charge - Customer Variance Account (FCCCVA) - effective April 1, 2019

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<sup>1</sup> In Southern Bruce's custom incentive ratemaking application (EB-2018-0264) the OEB approved FCPP-related deferral and variance accounts for ENGLP Southern Bruce's customer-related costs, facility-related costs and administration costs, identical in purpose to those established for ENGLP Aylmer.

- Federal Carbon Charge - Facility Variance Account (FCCFVA) - effective April 1, 2019
- Greenhouse Gas Emissions Administration Deferral Account (GGEADA) - effective January 1, 2019

**Address for Service:**

ENGLP requests that copies of all documents filed with the OEB in connection with this proceeding be served as follows:

Tim Hesselink  
Senior Manager, Regulatory Affairs, Ontario  
EPCOR Utilities Inc.

Address for personal service and mailing address:

43 Stewart Road  
Collingwood, ON, L9Y 3M7

Telephone: (705) 445-1800 ext. 2274  
E-Mail: [Thesselink@epcor.com](mailto:Thesselink@epcor.com)

Daniela O'Callaghan  
Legal Counsel  
EPCOR Utilities Inc.

Address for personal service and mailing address:

2000 – 10423 101 Street NW  
Edmonton, Alberta T5H 0E8

Telephone: (780) 412-4081  
E-Mail: [DOCallaghan@epcor.com](mailto:DOCallaghan@epcor.com)

Dated at Collingwood, Ontario this 16th day of October, 2020.

**EPCOR NATURAL GAS LIMITED PARTNERSHIP**  
by its general partner **EPCOR ONTARIO UTILITIES INC.**



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Tim Hesselink



## **DISPOSITION OF DEFERRAL AND VARIANCE ACCOUNTS**

In ENGLP's 2019 FCPP proceeding, the OEB approved the establishment of variance accounts for customer-related costs and facility-related costs, and a deferral account for ENGLP's administration costs, related to the FCPP. ENGLP indicated that it would seek approval in the current proceeding to dispose of balances in these accounts through the end of 2019, based on actual costs incurred from January 1, 2019 to December 31, 2019.

ENGLP is requesting to dispose of the December 31, 2019 audited balances for the following three deferral and variance accounts as part of this Application:

- Federal Carbon Charge - Customer Variance Account (FCCCVA) - effective April 1, 2019
- Federal Carbon Charge - Facility Variance Account (FCCFVA) - effective April 1, 2019
- Greenhouse Gas Emissions Administration Deferral Account (GGEADA) - effective January 1, 2019

A report of the audited account balances has been included as Appendix A in this submission.

As these charges only relate to customers in the Aylmer service territory, there will be no impacts to South Bruce customers as a result of these amendments to the Application.

### **Federal Carbon Charge - Customer Variance Account (FCCCVA)**

The purpose of the FCCCVA is to record the variances between actual customer carbon costs and customer carbon costs recovered in rates for distribution volumes delivered by ENGLP effective April 1, 2019. The calculation of the total balance requested for disposition is summarized in Table 1 below and additional details are provided in the continuity schedule in Appendix A.

**Table 1 - Projected Total FCCCVA Amount for Disposal**

<b>FCCCVA</b>	<b>Dec 31, 2019 Balance</b>
<b>Principal</b>	<b>\$287,851.02</b>
<b>Interest</b>	<b><u>\$3,516.17</u></b>
<b>Total</b>	<b>\$291,367.19</b>

EPCOR only proposes to recover these costs from customers in rate classes 1-5, as our rate 6 customer has filed an exception for this charge. As per the original application, ENGLP received an Exemption Certificate for its Rate 6 customer, an Output-Based Pricing System (OBPS) qualified customer, and their volumes have been excluded from the calculation of the Federal Carbon Charge. OBPS-qualified customers with emissions exceeding 10 ktCO<sub>2</sub> e (assuming the registration of all voluntary participants), and customers that undertake a non-covered activity (e.g. facilities that use natural gas as a process feedstock) will not be charged the Federal Carbon Charge<sup>2</sup>. The FCCCVA balances are proposed to be recovered through the implementation of a twelve-month volumetric rate rider commencing on April 1, 2021, calculated based on 2019 volumes. The calculation of the proposed rate rider is shown in Table 2 below.

**Table 2 - Calculation of Proposed FCCCVA Rate Rider**

		<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>	<b>I</b>
		<b>Unit</b>	<b>Row Sum</b>	<b>Rate 1 - Residential</b>	<b>Rate 1 - Commercial</b>	<b>Rate 1 - Industrial</b>	<b>Rate 2</b>	<b>Rate 3</b>	<b>Rate 4</b>	<b>Rate 5</b>
1	Volume	m <sup>3</sup>	31,366,144	18,089,906	5,749,421	2,280,036	1,126,227	1,544,524	1,780,546	795,484
2	Allocation for Rates 1-5	%	100%	57.67%	18.33%	7.27%	3.59%	4.92%	5.68%	2.54%
3	Sum	\$	291,367	168,041	53,408	21,180	10,462	14,347	16,540	7,389
4	<b>Rate Rider</b>	<b>¢/m<sup>3</sup></b>		<b>0.0093</b>	<b>0.0093</b>	<b>0.0093</b>	<b>0.0093</b>	<b>0.0093</b>	<b>0.0093</b>	<b>0.0093</b>

**\*\*Note** that volumes related to eligible greenhouse customers have been removed as they are eligible for 80% relief on their charged FCC rates and will not be charged this rate rider.

### **Federal Carbon Charge - Facility Variance Account (FCCFVA)**

The purpose of the FCCFVA is to record the variances between actual facility carbon costs and facility

<sup>2</sup> ENGLP 2020 Federal Carbon Application 2020 02 27 - page 29



carbon costs recovered in rates effective April 1, 2019. The calculation of the total balance requested for disposition is summarized in Table 3 below and additional details are provided in the continuity schedule in Appendix A.

**Table 3 - Projected Total FCCFVA Amount for Disposal**

<b>FCCFVA</b>	<b>Dec 31, 2019 Balance</b>
<b>Principal</b>	\$1,457.32
<b>Interest</b>	<u>\$11.36</u>
<b>Total</b>	\$1,468.68

ENGLP proposes to recover the costs related to the above proceeding from customers in rate classes 1-6. Due to the low dollar amount requested for disposition, the FCCFVA balances are proposed to be recovered through the implementation of a twelve-month fixed charge rate rider commencing on April 1, 2021, based on 2019 customer volumes. The calculation of the proposed rate rider is shown in Table 4 below.

**Table 4 - Calculation of Proposed FCCFVA Rate Rider**

		<b>A Unit</b>	<b>B Row Sum</b>
1	Average Connection Count	Cx	9,213
2	Allocation for Rates 1-6	%	100%
3	Sum	\$	1,469
4	<b>Rate Rider</b>	<b>\$ / month</b>	<b>0.01</b>

### **Greenhouse Gas Emissions Administration Deferral Account (GGEADA)**

The purpose of the GGEADA is to record the administrative costs associated with the impacts of the GGPPPA, as well as any other federal and/or provincial regulations related to GHG emission requirements for ENGLP's Aylmer operation effective January 1, 2019. The calculation of the total balance requested for disposition is summarized in Table 4 below and additional details are provided in the continuity schedule in Appendix A.



**Table 5 - Projected Total GGEADA Amount for Disposal**

<b>GGEADA</b>	<b>Dec 31, 2019 Balance</b>
<b>Principal</b>	\$84,209.25
<b>Interest</b>	<u>\$919.56</u>
<b>Total</b>	\$85,128.81

ENGLP proposes to recover the costs related to the above proceeding from customers in rate classes 1-6. When determining the appropriate allocation method, ENGLP reviewed both a variable rate and fixed rate allocation. As the amounts in the account are applicable to all customers, the fixed rate methodology was chosen as the variable rate created an over allocation to the rate 6 customer. The FCCCVA balances are proposed to be recovered through the implementation of a twelve-month fixed charge rate rider commencing on April 1, 2021, based on 2019 customer volumes. The calculation of the proposed rate rider is shown in Table 6 below.

**Table 6 - Calculation of Proposed GGEADA Rate Rider**

		<b>A Unit</b>	<b>B Row Sum</b>
1	Average Connection Count	Cx	9,213
2	Allocation for Rates 1-6	%	100%
3	Sum	\$	85,129
4	Rate Rider	\$ / month	0.77

## BILL IMPACTS

The average annual customer impacts per rate class are included below:

Rate Class	Average Customer Annual Billings	Average Customer Annual Volume (m3)	FCCCVA (Rates 1-5) \$/m3 0.0092	FCCCVA (Rates 1-6) \$/month 0.01	GGEADA (Rates 1-6) \$/month 0.77	Total Annual Customer Impact	% Variance
RATE 1 - General Service Rate - Residential	\$907	2,113	\$19.65	\$0.12	\$9.24	\$29.01	3.2%
RATE 1 - General Service Rate - Commercial	\$3,920	11,854	\$110.25	\$0.12	\$9.24	\$119.61	3.1%
RATE 1 - General Service Rate - Industrial	\$10,472	32,113	\$298.65	\$0.12	\$9.24	\$308.01	2.9%
RATE 2 - Seasonal Service - Apr to Oct	\$4,654	14,067	\$130.82	\$0.12	\$9.24	\$140.18	3.0%
RATE 2 - Seasonal Service - Nov to Mar	\$3,481	8,917	\$82.93	\$0.12	\$9.24	\$92.29	2.7%
RATE 2 - Seasonal Service - Annual	\$8,136	22,984	\$213.75	\$0.12	\$9.24	\$223.11	2.7%
RATE 3 - Special Large Volume Contract Rate	\$72,664	257,421	\$2,394.01	\$0.12	\$9.24	\$2,403.37	3.3%
RATE 4 - General Service Peaking - Apr to Dec	\$13,831	44,132	\$410.42	\$0.12	\$9.24	\$419.78	3.0%
RATE 4 - General Service Peaking - Jan to Mar	\$2,103	5,328	\$49.55	\$0.12	\$9.24	\$58.91	2.8%
RATE 4 - General Service Peaking - Annual	\$15,934	49,460	\$459.97	\$0.12	\$9.24	\$469.33	2.9%
RATE 5 - Interruptible Peaking Contract Rate	\$55,638	198,871	\$1,849.50	\$0.12	\$9.24	\$1,858.86	3.3%
RATE 6 - Integrated Grain Processors Co-Operative Aylmer Ethanol Production Facility	\$921,422	62,382,456	N/A	\$0.12	\$9.24	\$9.36	0.0%

- Note: Comparison is presented based on rates as of October 1, 2020.
- Aylmer customers only. There are no rate impacts to South Bruce customers.

## **Appendix A - Auditor's Report**



Tel: 519-432-5534  
Fax: 519-432-6544  
www.bdo.ca

BDO Canada LLP  
633 Colborne St., Suite 230  
London ON N6B 2V3

**ACCOUNTANT'S REPORT ON APPLYING SPECIFIED AUDITING PROCEDURES IN RESPECT OF THE SPECIFIC DEFERRAL ACCOUNT BALANCES**

To: EPCOR Natural Gas Limited Partnership

As specifically agreed, we have performed the auditing procedures described in appendix A over the deferral account schedule for Federal Carbon Charge, to assist EPCOR Natural Gas Limited Partnership (the "Company") to comply with the requirements of the Ontario Energy Board (OEB) for the period from January 1, 2019 to December 31, 2019.

This engagement to apply agreed-upon auditing procedures was performed in accordance with Canadian Standards on Related Services 9100, Reports on the Results of Applying Specified Auditing Procedures. We make no representation regarding the sufficiency of the procedures described in Appendix A either for the purpose for which this report has been requested or for any other purpose.

The procedures in Appendix A do not constitute an audit of the deferral account schedule and, therefore, we express no opinion on the information in the schedule for the period from January 1, 2019 to December 31, 2019. Had we performed additional procedures, other matters might have come to our attention that we would have reported to you.

This letter is for use in assessing the Company's deferral account activity for Federal Carbon Charge from January 1, 2019 to December 31, 2019, and is not intended to be and should not be used for any other purpose.

Chartered Professional Accountants, Licensed Public Accountants  
London, Ontario  
May 25, 2020

## APPENDIX A

1. We obtained the deferral account activity for Federal Carbon Charge from January 1, 2019 to December 31, 2019 and recalculated the schedule to ensure its mathematical accuracy.
2. For the Greenhouse Gas Emissions Administration Deferral Account (GGEADA) expenses, we obtained an invoice for one selection in each month of activity to ensure that the amount of cost claimed is correct.
3. For the federal fuel charge amounts, we obtained the CRA remittances for each month to ensure the amount claimed is correct.
4. For the amounts received via billing, we agreed each claim to the Federal carbon charge Consumption Summary Report as prepared by EPCOR based on the consumption data collected monthly from customers. We validated a selection of the data in the consumption report by agreeing it to individual customer invoices.



[illegible]





43 Stewart Road  
Collingwood, Ontario  
L9Y 3M7 Canada  
[epcor.com](http://epcor.com)

October 16, 2020

**Sent by EMAIL, RESS e-filing**

Ms. Christine E. Long  
Registrar and Board Secretary  
Ontario Energy Board  
27-2300 Yonge Street  
Toronto, ON M4P 1E4

Dear Ms. Long:

**Re: EB- 2020-0231 EPCOR Natural Gas Limited Partnership ("ENGLP") 2021 Federal Carbon Pricing Program Application**

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Enclosed is EPCOR's 2021 Federal Carbon Pricing Program ("FCPP") Application for rates effective April 1, 2021.

Please feel free to contact me if you have any questions regarding this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "T. Hesselink", is positioned below the word "Sincerely,".

Tim Hesselink  
Senior Manager, Regulatory Affairs  
EPCOR Natural Gas Limited Partnership  
(705) 445-1800 ext. 2247  
[THesselink@epcor.com](mailto:THesselink@epcor.com)



**EPCOR Natural Gas Limited Partnership**

**2021 Federal Carbon Pricing Program**

**EB-2020-0231**

**Filed: October 16, 2020**

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**ONTARIO ENERGY BOARD**

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**AND IN THE MATTER OF** an Application by EPCOR Natural Gas Limited Partnership for an Order under section 36(1) of the Act for an order or orders for rates to recover costs resulting from the Greenhouse Gas Pollution Pricing Act, S.C. 2018, c. 12, s. 186.

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**APPLICATION OF  
EPCOR NATURAL GAS LIMITED PARTNERSHIP**

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**Background:**

The Applicant is EPCOR Natural Gas Limited Partnership ("ENGLP"), an Ontario limited partnership with offices in the Town of Aylmer and Kincardine. It carries on the business of selling and distributing natural gas within the province of Ontario. ENGLP is a wholly owned indirect subsidiary of EPCOR Utilities Inc. ("EUI"). The general partner of ENGLP is EPCOR Ontario Utilities Inc., an Ontario corporation, which is a subsidiary of EUI and the sole limited partner is EPCOR Power Development Corporation, an Alberta corporation. ENGLP was formed pursuant to a limited partnership agreement which provides that EPCOR Ontario Utilities Inc., as general partner, will control and have the full and exclusive power, authority and responsibility for the management and day-to-day operations of ENGLP. In accordance with the limited partnership agreement, EPCOR Power Development Corporation, as limited partner, has an economic interest in the partnership but does not control or otherwise play a role in the day-to-day operations and management of ENGLP.

ENGLP provides natural gas distribution services to over 9000 customers in the Aylmer area in the Townships of Malahide and South-West Oxford; Municipalities of Bayham, Thames Centre and Central Elgin; and Norfolk County. ENGLP is also developing a greenfield natural gas distribution utility ("South Bruce") to service the Municipality of Arran-Elderslie, the Municipality of Kincardine and the Township of Huron-Kinloss.



This application is filed by ENGLP in order to recover costs associated with the Federal Carbon Pricing Program ("FCPP") pursuant to the *Greenhouse Gas Pollution Pricing Act* (the "GGPPA"). Among other things, the GGPPA applies a charge, by volume, on certain types of fuel and combustible waste, including marketable natural gas, effective April 1, 2019 (the "Fuel Charge").

ENGLP is a registered distributor pursuant to section 55(1) of the GGPPA. As a registered distributor, ENGLP is required to report volumes of fuel delivered to customers or used by the distributor and remit the Fuel Charge for such volumes on a monthly basis to the CRA. The account number assigned to ENGLP by the Canada Revenue Agency ("CRA") is 74396 8299 CT0001.

The GGPPA is composed of two key parts: (1) the Fuel Charge applied on 21 types of fuel and combustible waste, which is administered by the CRA; and (2) an output-based pricing system ("OBPS") for industrial facilities, which is administered by Environment and Climate Change Canada ("ECCC"). ENGLP has confirmed with ECCC that the OBPS does not apply to ENGLP's facilities or assets. However, the Fuel Charge will apply to natural gas volumes sold or used by ENGLP.

ENGLP has obtained a Fuel Charge Exemption Certificate from the CRA and has provided a copy to its supplier of natural gas, Enbridge Gas Distribution Inc. ("Enbridge"). Pursuant to section 17(2) of the GGPPA, this Certificate exempts ENGLP from the Fuel Charge apply to volumes of natural gas sold by Enbridge to ENGLP.

As a result of the GGPPA, ENGLP will incur the following costs:

- a) Incremental administration costs;
- b) Customer-related Fuel Charge costs which ENGLP will be required to pay under the GGPPA for volumes delivered by ENGLP to its residential, commercial and industrial customers who have not provided ENGLP with a Fuel Charge Exemption Certificate, along with any resulting increase to financing costs; and
- c) Facility-related costs arising from ENGLP's facilities and operation of its gas distribution system, along with any resulting increase to financing costs.

**Approvals Requested:**

Accordingly, ENGLP applies to the Ontario Energy Board ("OEB") pursuant to section 36(1) of the OEB Act for:

- a) an Order or Orders allowing ENGLP to charge customers a fuel charge on a volumetric basis, in the amount of the Fuel Charge required to be paid pursuant to the GGPPA, effective April 1, 2021;
- b) an Order approving or fixing just and reasonable rates, effective April 1, 2021, to allow ENGLP to recover Facility-related costs associated with compliance with the GGPPA; and
- c) such further Order or Orders as ENGLP may request and the OEB may deem appropriate or necessary.

In ENGLP's 2020 FCPP application (EB-2020-0076), the utility included evidence in request of the disposition of the following variance account balances ("DVAs") as of December 31, 2019:

- (a) Greenhouse Gas Emissions Administration Deferral Account effective Jan 1, 2019 ("GGEADA");
- (b) Federal Carbon Charge – Customer Variance Account effective April 1, 2019 ("FCCCVA"); and
- (c) Federal Carbon Charge – Facility Variance Account effective April 1, 2019 ("FCCFVA").

This application does not include such a disposition request. The 2020 audited deferral and variance account balances will be disposed through a future application during the filing for rates effective April 1, 2022. Furthermore, as the accounting orders that established these deferral and variance accounts have no sunset date, EPCOR will continue to track FCPP-related costs in these accounts.<sup>1</sup>

This application is supported by written evidence filed with this application, which may be amended from time to time.

The persons affected by this application include all of ENGLP's residential, commercial and industrial customers.

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<sup>1</sup> In its Interim Decision and Order dated March 26, 2020 (EB-2020-0076) the OEB found that no order was required for ENGLP-Aylmer to continue to track FCPP-related costs in the DVAs as the accounting orders that established the accounts had no sunset date. Further, in Southern Bruce's custom IR application (EB-2018-0264) the OEB approved FCPP-related deferral and variance accounts for ENGLP-Southern Bruce's DVAs (identical in purpose to those established for ENGLP-Aylmer) and the accounting orders that established the accounts had no sunset date.



**Address for Service:**

ENGLP requests that copies of all documents filed with the Board in connection with this proceeding be served as follows:

Tim Hesselink  
Senior Manager, Regulatory Affairs, Ontario  
EPCOR Utilities Inc.

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43 Stewart Road  
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Dated at Collingwood, Ontario this 16th day of October, 2020.

**EPCOR NATURAL GAS LIMITED PARTNERSHIP**  
by its general partner **EPCOR ONTARIO UTILITIES INC.**



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Tim Hesselink



## OVERVIEW

1. The purpose of this evidence is to summarize EPCOR Natural Gas Limited Partnership's ("ENGLP") application for just and reasonable rates for its Aylmer and South Bruce operations to recover the costs associated with the federal *Greenhouse Gas Pollution Pricing Act*, S.C. 2019, c. 12, s. 186 (the "GGPPA") as a pass-through to customers.

2. The evidence is organized as follows:

- A) Overview
- B) Anticipated Costs of Compliance
- C) Cost Recovery
- D) Bill Impacts

### **Background: the *Greenhouse Gas Pollution Pricing Act***

3. The GGPPA received Royal Assent on June 21, 2018. The purpose of the GGPPA is to impose a carbon pricing mechanism in provinces or territories where no such carbon pricing mechanism (e.g., a cap-and-trade system or carbon tax) has been put into place or where such mechanism does not meet national criteria. On October 23, 2018, the Government of Canada deemed Ontario to be a "listed province" that is subject to the GGPPA's carbon pricing mechanism.

4. The federal carbon pricing scheme implemented by the GGPPA features two main elements:

- (a) A charge applied to fossil fuels, generally paid by registered distributors (fuel producers and distributors), as set out in Part 1 of the GGPPA (the "Fuel Charge"); and
- (b) For larger industrial facilities, an output-based pricing system for emissions-intensive trade-exposed ("EITE") industries as set out in Part 2 of the GGPPA (the "OBPS"). The OBPS applies to facilities emitting 50,000 tonnes of carbon dioxide equivalent ("CO<sub>2</sub>e") per year or more, with the ability for smaller EITE facilities that emit 10,000 CO<sub>2</sub>e per year or more to voluntarily opt-in to the system over time.



5. The amount of the Fuel Charge for marketable natural gas is established under Schedule 2 of the GGPPA. The Fuel Charge increases annually until 2022, as set out below:

Year	Charge Cost \$ per
2019	0.0391
2020	0.0587
<b>2021</b>	<b>0.0783</b>
After 2021	0.0979

6. Subsection 55(1) of the GGPPA requires that all persons register with the Canada Revenue Agency (the "CRA") for the purposes of Part 1 of the GGPPA (i.e., the Fuel Charge) if, *inter alia*:

- (a) The person delivers marketable natural gas or non-marketable natural gas to another person in a listed province; or
- (b) The person measures another person's consumption or usage, in a listed province, of marketable natural gas and the measurement is done on a regular basis and for the purpose of billing the other person or providing the other person's billing information to a third party, and the marketable natural gas is delivered by way of a distribution system.

7. "Marketable natural gas" is defined in section 3 of the GGPPA as "natural gas that consists of at least 90% methane and that meets the specifications for pipeline transport and sale for general distribution to the public."

8. Consequently, ENGLP was required to register with the CRA as a distributor of marketable natural gas, and did so on February 27, 2019. ENGLP's CRA account number under the program is 74396 8299 CT0001.

9. Subsection 171(1) of the GGPPA requires that persons responsible for a "covered





facility" register with Environment and Climate Change Canada ("ECCC") for the purposes of Part 2 of the GGPPA (i.e., the OBPS).

10. Unlike Enbridge Gas Distribution Inc. ("Enbridge"), ENGLP is not required to register as an "emitter" pursuant to section 57(1) of the GGPPA because ENGLP is not a person responsible for a "covered facility" (in Enbridge's case, its "covered facilities" include its transmission system and storage compressor stations). ENGLP has also confirmed with ECCC that it is not required to register as an "emitter" because its facility emissions are below 10,000 tonnes of CO<sub>2</sub>e.

### **ENGLP's obligations under the GGPPA**

11. As a registered distributor, ENGLP is required under section 17(1) of the GGPPA to pay the Fuel Charge for volumes of natural gas delivered to its customers. Additionally, pursuant to section 18(1) of the GGPPA, ENGLP is required to pay the Fuel Charge for volumes of natural gas that it uses. These volumes delivered or used must be reported - and the corresponding Fuel Charge must be remitted – to the CRA on a monthly basis.

12. Ordinarily, Enbridge would be required to report and remit the Fuel Charge for volumes of natural gas sold to ENGLP. However, subsection 17(2) of the GGPPA deems that the Fuel Charge is not payable if the fuel is delivered to a person who holds an "exemption certificate" issued by the CRA pursuant to section 36(1) of the GGPPA (an "Exemption Certificate"). ENGLP obtained an Exemption Certificate as a registered distributor and has provided a copy to Enbridge, in accordance with the GGPPA.

13. Accordingly, ENGLP, in its capacity as a registered distributor, will be required to remit the 2021 Fuel Charge rate of \$0.0783/m<sup>3</sup> of natural gas delivered to customers unless a customer provides ENGLP with an Exemption Certificate.



14. ENGLP will also be required to remit the 2021 Fuel Charge for natural gas used by ENGLP for its office building and natural gas vehicle ("NGV") fleet.

## **Anticipated Costs of Compliance**

15. For the purposes of this application, and to ensure consistency with other rate filings, ENGLP's Aylmer and South Bruce operations will be presented and calculated separately.

## **AYLMER OPERATIONS**

### **Customer Charges**

16. As outlined in Exhibit B, ENGLP forecasts the 2021 customer related costs (for the period from January 1, 2021 to December 31, 2021) associated with the GGPPA for its Aylmer, Ontario operations to be \$2,201,246. ENGLP will present these charges as a separate line item on customers' bills. As set out in more detail in the tables below, ENGLP proposes a charge of 5.87 cents/m<sup>3</sup> over volumes from January 1, 2021 to March 31, 2021, and a charge of 7.83 cents/m<sup>3</sup> from April 1, 2021 to December 31, 2021.

### **Company Use Volumes and Costs**

17. As set out in Exhibit B, ENGLP forecasts the 2021 costs associated with company-use volumes for ENGLP's buildings and NGV fleet to be approximately \$4,885 for its Aylmer operations. ENGLP proposes a volumetric charge of 0.0027 cents/m<sup>3</sup> for all rate classes, including Rate 6, from January 1, 2021 to March 31, 2021 and a volumetric charge of 0.0052 cents/m<sup>3</sup> from April 1, 2021 to December 31, 2021 for all rate classes, including Rate 6. The costs associated with these company-use volumes will be included in delivery charges on customers' bills.

18. It is not clear to ENGLP whether unaccounted-for gas ("UFG") is considered by





the CRA to be “use” by a distributor. As was the case for its 2019 application, ENGLP has included UFG in its calculations, albeit at 0.0%, in the event that the CRA provides further guidance on UFG or otherwise requires ENGLP to report UFG in fuel volumes “used” by ENGLP as Company Use Volumes and remit the Fuel Charge accordingly. That is, for the purposes of its 2020 application, ENGLP continues to assume UFG to be zero.

## **SOUTH BRUCE OPERATIONS**

### **Customer Charges**

19. As outlined in Exhibit B, ENGLP forecasts the 2021 customer related costs (for the period from January 1, 2021 to December 31, 2021) associated with the GGPPA for its South Bruce, Ontario operations to be \$667,697. ENGLP will present these charges as a separate line item on customers’ bills. As set out in more detail in Exhibit E, ENGLP proposes a charge of 5.87 cents/m<sup>3</sup> over volumes from January 1, 2021 to March 31, 2021, and a charge of 7.83 cents/m<sup>3</sup> from April 1, 2021 to December 31, 2021.

### **Company Use Volumes and Costs**

20. At this point, South Bruce is not expecting any costs associated with company-use volumes for ENGLP’s buildings and NGV fleet and as a result, ENGLP is not requesting a Facility Carbon Charge as part of this application for South Bruce operations.

## **Upstream Costs (Aylmer and South Bruce)**

21. As outlined in its 2020 FCPP application EB-2019-0247, Enbridge has applied for recovery of its Facility Carbon Charge costs from all customers regardless of whether the customer holds an Exemption Certificate. Enbridge further proposes to add the Facility Carbon Charge to its current approved delivery or transportation charges on customer’s bills. Should Enbridge’s proposals be approved by the OEB, ENGLP will incur additional



upstream costs associated with Enbridge's Facility Carbon Charge costs in relation to ENGLP's M9 and Bundled T contracts with Enbridge for the Alymer Operation, and the M17 Contract with the South Bruce Operation.

22. Any increased transportation or commodity costs from Enbridge in relation to the GGPPA have not been included in the costs identified in this Application.

23. Enbridge's Facility Carbon Charge costs are not currently included in ENGLP's transportation charges included in its distribution rates, as these costs were not included in the determination of ENGLP's Purchased Gas Transportation Variance Account ("PGTVA") reference price. Therefore, such costs will be captured in the PGTVA for customers in Rate 1 through 5. All costs, charges and fees incurred by ENGLP related to gas supplied by Enbridge to ENGLP's system for the customer in Rate 6 are a direct pass through to that customer and, therefore, any such increased costs will be invoiced to IGPC on a monthly basis, equal to the amount charged by Enbridge. Similarly, Enbridge's Facility Carbon Charge costs are also not currently included in ENGLP South Bruce's Upstream charges included in its distribution rates. Therefore, such costs will be captured in the Storage and Transportation Variance Account for Rate 1, 6, and 11, as well as the Storage and Transportation Variance Account for Rate 16.

24. Any impacts to commodity costs as a result of the GGPPA will be recorded in the Purchased Gas Commodity Variance Account ("PGCVA") through the application of the rate differential between the current PGCVA reference price and the actual unit cost of the purchases to the actual volumes purchased. The PGCVA reference price will be adjusted through ENGLP's Quarterly Rate Adjustment Mechanism applications for both Alymer and South Bruce..





## **Customer Communications**

25. ENGLP will utilize existing communication methods such as bill inserts, bill messaging and webpage content to provide information related to the GGPPA to its customers, including communication on the program and the associated changes to ENGLP bill.

## **APPROVALS REQUESTED**

26. ENGLP proposes to treat all prudently-incurred costs of compliance with the GGPPA as a pass-through to customers. The Fuel Charge is the primary driver for the costs for which ENGLP seeks to recover and is established by the GGPPA.

27. Importantly, the Government of Canada's carbon pricing plan, including the GGPPA, contemplates the return of most of the proceeds collected in Ontario from the Fuel Charge to Ontario's individuals and families through "Climate Action Incentive Payments." In fact at the outset of the program, the Government of Canada stated that "most households in Ontario will receive more in Climate Action Incentive Payments than they incur in total costs resulting from pollution pricing."<sup>2</sup>As such, the Federal carbon pricing plan anticipates that the Fuel Charge will be passed on to consumers and consequently provides compensation through the Climate Action Incentive Payments.

28. ENGLP requests that the OEB issue orders granting the approvals requested on a final basis by March 23, 2021. Should the OEB determine that it is not possible to review and grant the approvals request by such date, ENGLP requests that the OEB grant approval of just and reasonable rates effective April 1, 2021 on an interim basis by March 23, 2021.

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<sup>2</sup> The Government of Canada estimates the impacts as follows: "Under the federal system, the estimated average cost impact for a household in Ontario is \$244, in 2019, which is less than the average for Climate Action Incentive payments (\$300)." See "Ontario and pollution pricing", Government of Canada: <https://www.canada.ca/en/environment-climate-change/services/climate-change/pricing-pollution-how-it-will-work/ontario.html>



29. ENGLP seeks an order (or orders) approving rates to be applied to customer bills effective April 1, 2021. Subject to further guidance from the Board, ENGLP proposes to continue to record costs and variances resulting from compliance with the GGPPA using the three existing deferral and variance accounts established for both Aylmer and South Bruce operations:

- a) Greenhouse Gas Emissions Administration Deferral Account effective January 1, 2019 ("GGEADA");
- b) Federal Carbon Charge – Customer Variance Account effective April 1, 2019 ("FCCCVA"); and
- c) Federal Carbon Charge – Facility Variance Account effective April 1, 2019 ("FCCFVA").



## **2021 Forecasted Customer Related Volumes and Associated Costs**

30. This exhibit provides ENGLP's forecast of 2021 customer related and facility volumes and associated costs related to compliance with the GGPPA for both its Aylmer and South Bruce operations. The existing federal carbon charge of 5.87 cents/m<sup>3</sup> remains in effect until March 31, 2021. Therefore the associated forecast total cost for 2021 comprises three months at the existing federal carbon charge and 9 months at the new charge of 7.83 cents/m<sup>3</sup> effective April 1, 2021.

### **AYLMER OPERATIONS**

31. For the Aylmer operations, ENGLP is forecasting a total January 1, 2021 to December 31, 2021 volume of 31,594,505 m<sup>3</sup> which results in a volume associated forecast total cost for 2021 of \$2,201,246. These amounts are excluding volumes related to customers holding valid exemption certificates.

32. ENGLP's current customer related volume forecast includes reduction (80%) for volumes delivered to commercial greenhouse operators based on the confirmed relief under the GGPPA for these customers. To date, ENGLP has received Exemption Certificates from six such customers. ENGLP has created a 2021 forecast for these six customers in total based on monthly consumption actuals from 2019-2020 actual data. The resulting forecast for these exempt facilities is 317,769 m<sup>3</sup>.

33. ENGLP has received an Exemption Certificate for a Rate 6 customer (IGPC) and the volumes for this customer have been excluded from the customer related volume forecast.

### **SOUTH BRUCE OPERATIONS**

34. For the South Bruce operations, ENGLP is forecasting a total January 1, 2021 to December 31, 2021 volume of 17,043,969 m<sup>3</sup> which results in a volume associated





forecast total cost for 2021 of \$ 667,697. The forecast volumes are based on ENGLP's South Bruce 2019 Cost of Service Application (EB-2018-0264) weather normalized load forecast prepared by Elenchus Research Associates Inc<sup>3</sup>. These amounts are excluding volumes related to customers holding valid exemption certificates.

35. Detailed 2021 forecast distribution volumes subject to the Fuel Charge for all rate classes are provided in Tables 1-3, and the cost calculations are provided Tables 4-8 further in this application.

## **2021 Forecasted Facility Related Volumes and Associated Costs**

### **AYLMER OPERATIONS**

36. ENGLP's forecasted 2021 facility related volumes for its Aylmer operations subject to the GGPPA are 66,520 m3. Applying the 2021 Fuel Charge outlined in Table 4, of \$0.0578/m3 from January 1, 2021 to March 31, 2021 and \$0.0783/m3 from April 1, 2021 to December 31, 2021, results in an associated forecast 2021 facility related cost of \$4,885, and a unit rate of 0.0052 cents/m3.

37. OEB staff submitted that the Facility Carbon Charge under Rate 6 should be a volumetric rate applied to actual monthly consumption, consistent with the OEB's Decision and Order and consistent with the treatment of all other customer rate classes.<sup>4</sup> As such, Rate 6 attracts a facility charge of 0.0052 cents/m3.

38. ENGLP's facilities related volumes are composed of company-use volumes for i) unaccounted for gas (UFG), ii) distribution buildings, and iii) natural gas vehicles (NGV). As noted in Table 3, ENGLP has included UFG in its calculations as it is not clear to

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<sup>3</sup> EB-2018-0264, Exhibit 6, Table 6-12, Col. 3, filed April 12, 2019

<sup>4</sup> EB-2019-0101, Board Staff Submission, July 29, 2019



ENGLP whether UFG is considered by the CRA to be “use” by a distributor. ENGLP has included UFG in its forecasted 2021 facility related volumes at 0.0%, consistent with the historical deemed UFG for the system for the purposes of setting rates. Consequently, \$0 is included for UFG in the facility related cost estimate for 2021. However, in the event that the CRA provides further guidance on UFG or otherwise requires ENGLP to report UFG in fuel volumes “used” and remit the Fuel Charge accordingly, these costs will be included in ENGLP’s facility related costs.

39. Detailed 2021 forecasted facility related volumes subject to the Fuel Charge are provided in Exhibit B, Tab 2, Schedule 2, and the cost calculations are provided in Table 6.

#### **SOUTH BRUCE OPERATIONS**

40. The South Bruce operations does not have any expected facility volumes or related costs for 2021 that would be subject to the 2021 Fuel Charge.



**TABLE 1 - AYLMER Customer Related Volume Forecast - Jan 1, 2021 - Dec 31, 2021**

Line No.	Rate Class	Forecast Volume m <sup>3</sup> (1)
1	Rate 1	26,223,062
2	Rate 2	1,250,889
3	Rate 3	1,544,524
4	Rate 4	1,780,546
5	Rate 5	<u>795,484</u>
		<b>31,594,505</b>
6	Eligible Greenhouse Exempt Volumes	317,769 (2)
7	Net Volumes	<b>31,276,736</b>
8	Net Volumes Jan 1 to Mar 31, 2021	<b>13,124,133</b>
9	Net Volumes Apr 31 to Dec 31, 2021	<b>18,152,603</b>

Notes:

- (1) 2019 actuals have been used for volume determinants
- (2) There are six exemption certificates held for eligible greenhouses, three in Rate 1, and three are Rate 2.
- (3) Rate 6 customers are excluded from this table (OBPS exemption)



**TABLE 2 - SOUTH BRUCE Customer Related Volume Forecast - Jan 1 - Dec 31, 2021**

Line No.	Rate Class	Forecast Volume m <sup>3</sup> (1)
1	Rate 1	5,600,434
2	Rate 6	1,426,811
3	Rate 11	669,897
4	Rate 16	<u>9,346,827</u>
		<b>31,108,489</b>
6	Eligible Greenhouse Exempt Volumes	9,346,827 (2)
7	Net Volumes	<b>7,697,142</b>
8	Net Volumes Jan 1 to Mar 31, 2021	<b>3,229,823</b>
9	Net Volumes Apr 31 to Dec 31, 2021	<b>4,467,319</b>

Notes:

- (1) Volume determinants are based on filing EB-2018-0264, Exhibit 6, Table 6-12, Col. 3, filed April 12, 2019.  
 (3) OBPS data customer data has been excluded from this table (rate 16)

**TABLE 3 - AYLMER Facility-Related Volume Forecast - January 1 - December 31, 2021**

Line No.	Particulars	Forecast Volume (m3)
1	Unaccounted For Gas (0%)	-
2	Company Use Buildings	64,275
3	Company Use NGV	<u>2,245</u>
4	Total Facility-Related Volume	<b>66,520</b>





**TABLE 4 - AYLMER Customer and Facility-Related Costs - January 1 - December 31, 2021**

Line No.	Customer-Related Costs	Period	2021 Forecast	FCC Rate (¢/m3)	Cost Forecast (\$)
1	Customer-Related Forecast Volume	Jan 1 - Mar 31, 2021	13,124,133	0.0587	\$770,387
2	Customer-Related Forecast Volume	Apr 1 - Dec 31, 2021	18,152,603	0.0783	\$1,421,349
3	Eligible Greenhouse Volume <sup>(1)</sup>	Jan 1 - Mar 31, 2021	89,408	0.0117	\$1,050
4	Eligible Greenhouse Volume	Apr 1 - Dec 31, 2021	228,361	0.0157	<u>\$3,576</u>
5	Total Customer-Related Costs (\$)				<b>\$2,196,361</b>
<b>Facility-Related Costs</b>					
6	Facility-Related Forecast Volume	Jan 1 - Mar 31, 2021	16,527	0.0587	\$970
7	Facility-Related Forecast Volume	Apr 1 - Dec 31, 2021	49,992	<u>0.0783</u>	<u>\$3,914</u>
8	Total Facility-Related Costs (\$)				<b><u>\$4,885</u></b>
9	<b>Total Cost Forecast</b>				<b>\$2,201,246</b>

**Notes:**

(1) Eligible greenhouse operators qualify for an 80% discount on their FCC rate:

<https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/fcn2/distributors-under-greenhouse-gas-pollution-pricing-act.html>



**TABLE 5 - SOUTH BRUCE Customer Related Costs - January 1, 2021 to December 31, 2021**

Line No.	Customer-Related Costs	Period	2021 Forecast	FCC Rate (¢/m3)	Cost Forecast (\$)
1	Customer-Related Forecast Volume	Jan 1- Mar 31, 2021	2,198,661	0.0587	\$189,591
2	Customer-Related Forecast Volume	Apr 1, - Dec 31, 2021	3,041,071	0.0783	\$349,791
3	Eligible Greenhouse Volume <sup>(1)</sup>	Jan 1to Mar 31, 2021	4,606,095	0.0117	\$54,076
4	Eligible Greenhouse Volume	Apr 1to Dec 31, 2021	4,740,732	0.0157	<u>\$74,240</u>
5	<b>Total Cost Forecast (\$)</b>				<b>\$667,697</b>

**Notes:**

(1) Eligible greenhouse operators qualify for an 80% discount on their FCC rate:

<https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/fcn2/distributors-under-greenhouse-gas-pollution-pricing-act.html>



**TABLE 6 - AYLMER Facility Carbon Charge Calculations**

Line No.		Net Volume (1)  m3	Federal Carbon Charge (2)  \$/m3	Federal Carbon Charge (2)  \$/m3	Federal Carbon Cost (3)  \$	Recovery Net Volumes (4)  m3	Federal Carbon Chg Unit Rate (5)  cents/m3
1	Company Use						
2	Unaccounted For Gas	-	0.0587	0.0783	-		
3	Buildings	64,275	0.0587	0.0783	4,719		
4	NGV Fleet	<u>2,245</u>	0.0587	0.0783	<u>166</u>		
5	Unit Rate	66,520			4,885	93,976,961	<b>0.0052</b>
6	Notes: (1) Table 3 (2) Table 4, lines 1 & 2 (3) Col. 1 x 0.42 x Col. 2A + Col. 1 x 0.58 x Col. 2B (4) Recovery volume for period from January 1, 2021 to December 31, 2021, inclusive of Rate 6 (IGPC). (5) Col. 3 / Col.4 x 100						
	<b>Facility Charge for Rate 6</b>	Col 1 <b>Volume</b> m3	Col. 2 <b>Unit Rate</b> cents/m3				
7	Rate 6 (IGPC)	62,382,456	<b>0.0052</b>				



**TABLE 7 - AYLMER - Summary of Federal Carbon Charge and Facility Carbon Charge**

**2021 Carbon Charge Unit Rate by Rate Class (January 1 to March 31, 2021)**

Rate Class	Charge	Unit	Rate
Rate 1	Federal Carbon Charge (if applicable)	cents / m <sup>3</sup>	5.8700
	Facility Carbon Charge	cents / m <sup>3</sup>	0.0027
Rate 2	Federal Carbon Charge (if applicable)	cents / m <sup>3</sup>	5.8700
	Facility Carbon Charge	cents / m <sup>3</sup>	0.0027
Rate 3	Federal Carbon Charge (if applicable)	cents / m <sup>3</sup>	5.8700
	Facility Carbon Charge	cents / m <sup>3</sup>	0.0027
Rate 4	Federal Carbon Charge (if applicable)	cents / m <sup>3</sup>	5.8700
	Facility Carbon Charge	cents / m <sup>3</sup>	0.0027
Rate 5	Federal Carbon Charge (if applicable)	cents / m <sup>3</sup>	5.8700
	Facility Carbon Charge	cents / m <sup>3</sup>	0.0027
Rate 6	Facility Carbon Charge	cents / m <sup>3</sup>	0.0027
Qualifying Greenhouses	Federal Carbon Charge (if applicable)	cents / m <sup>3</sup>	1.1700
	Facility Carbon Charge	cents / m <sup>3</sup>	0.0027

**2021 Carbon Charge Unit Rate by Rate Class (April 1 to December 31, 2021)**

Rate Class	Charge	Unit	Rate
Rate 1	Federal Carbon Charge (if applicable)	cents / m <sup>3</sup>	7.8300
	Facility Carbon Charge	cents / m <sup>3</sup>	0.0052
Rate 2	Federal Carbon Charge (if applicable)	cents / m <sup>3</sup>	7.8300
	Facility Carbon Charge	cents / m <sup>3</sup>	0.0052
Rate 3	Federal Carbon Charge (if applicable)	cents / m <sup>3</sup>	7.8300
	Facility Carbon Charge	cents / m <sup>3</sup>	0.0052
Rate 4	Federal Carbon Charge (if applicable)	cents / m <sup>3</sup>	7.8300
	Facility Carbon Charge	cents / m <sup>3</sup>	0.0052
Rate 5	Federal Carbon Charge (if applicable)	cents / m <sup>3</sup>	7.8300
	Facility Carbon Charge	cents / m <sup>3</sup>	0.0052
Rate 6	Facility Carbon Charge	cents / m <sup>3</sup>	0.0052
Qualifying Greenhouses	Federal Carbon Charge (if applicable)	cents / m <sup>3</sup>	1.5700
	Facility Carbon Charge	cents / m <sup>3</sup>	0.0052





**TABLE 8 - SOUTH BRUCE - Summary of Federal Carbon Charge and Facility Carbon Charge**

**2021 Carbon Charge Unit Rate by Rate Class (January 1, 2021 to March 31, 2021)**

Rate Class	Charge	Unit	Rate
Rate 1	Federal Carbon Charge (if applicable)	cents / m <sup>3</sup>	5.8700
Rate 6	Federal Carbon Charge (if applicable)	cents / m <sup>3</sup>	5.8700
Rate 11	Federal Carbon Charge (if applicable)	cents / m <sup>3</sup>	5.8700
Rate 16	Federal Carbon Charge (if applicable)	cents / m <sup>3</sup>	5.8700
Qualifying Greenhouses	Federal Carbon Charge (if applicable)	cents / m <sup>3</sup>	1.1700

**2021 Carbon Charge Unit Rate by Rate Class (April 1, 2021 to December 31, 2021)**

Rate Class	Charge	Unit	Rate
Rate 1	Federal Carbon Charge (if applicable)	cents / m <sup>3</sup>	7.8300
Rate 6	Federal Carbon Charge (if applicable)	cents / m <sup>3</sup>	7.8300
Rate 11	Federal Carbon Charge (if applicable)	cents / m <sup>3</sup>	7.8300
Rate 16	Federal Carbon Charge (if applicable)	cents / m <sup>3</sup>	7.8300
Qualifying Greenhouses	Federal Carbon Charge (if applicable)	cents / m <sup>3</sup>	1.5700

## **BILL IMPACTS**

At the time of filing of this application, ENGLP also has three other active proceedings:

- EB-2020-0076 - 2020 Federal Carbon Charge Application
- EB-2020-0233 - South Bruce IRM - rates effective January 1, 2021
- EB-2020-0234 - Aylmer IRM - rates effective January 1, 2021

As a result, rate impacts are presented based on approved rates as of October 1, 2020 and proposed rate schedules have not been included.



**TABLE 9 - AYLMER Annual Bill Impacts**

Rate Class	Average Customer Annual Billings	Average Customer Annual Volume (m3)	Change in FCC Impact (1)		Change in FFC Impact (2)		Total Annual Customer Impact	% Variance
			\$/m3	0.01960	\$/m3	0.000025		
RATE 1 - General Service Rate - Residential	\$907	2,113	\$41.42		\$0.05		\$41.47	4.6%
RATE 1 - General Service Rate - Commercial	\$3,920	11,854	\$232.35		\$0.30		\$232.64	5.9%
RATE 1 - General Service Rate - Industrial	\$10,472	31,484	\$617.08		\$0.79		\$617.86	5.9%
RATE 2 - Seasonal Service - Apr to Oct	\$4,654	14,067	\$275.71		\$0.35		\$276.06	5.9%
RATE 2 - Seasonal Service - Nov to Mar	\$3,481	8,917	\$174.78		\$0.22		\$175.00	5.0%
RATE 2 - Seasonal Service - Annual	\$8,136	22,984	\$450.49		\$0.57		\$451.06	5.5%
RATE 3 - Special Large Volume Contract Rate	\$72,664	257,421	\$5,045.45		\$6.43		\$5,051.88	7.0%
RATE 4 - General Service Peaking - Apr to Dec	\$13,831	44,132	\$864.98		\$1.10		\$866.08	6.3%
RATE 4 - General Service Peaking - Jan to Mar	\$2,103	5,328	\$104.43		\$0.13		\$104.56	5.0%
RATE 4 - General Service Peaking - Annual	\$15,934	49,460	\$969.41		\$1.23		\$970.64	6.1%
RATE 5 - Interruptible Peaking Contract Rate	\$55,638	198,871	\$3,897.87		\$4.97		\$3,902.84	7.0%
RATE 6 - Integrated Grain Processors Co-Operative Aylmer Ethanol Production Facility	\$921,422	62,382,456	N/A		\$1,558.06		\$1,558.06	0.2%

**Notes:**

- (1) Change in FCC impact calculates the variance between the 2021 FCC proposed rate of 7.83 cents per m3 and the current rate of 5.87 cents per m3  
 (2) Change in FFC impact calculates the variance between the 2021 FFC proposed rate of 0.0052 cents per m3 and the current rate of 0.0027 cents per m3



**TABLE 10 - SOUTH BRUCE Annual Bill Impacts**

Rate Class	Average Customer Annual Billings	Average Customer Annual Volume (m3)	Change in FCC Impact		% Variance
			\$/m3	0.01960	
Rate 1 - Existing Residential	\$1,425	2,149	\$42.12		3.0%
Rate 1 - New Residential	\$1,382	2,066	\$40.49		2.9%
Rate 1 - Small Commercial	\$2,724	4,693	\$91.98		3.4%
Rate 1 - Small Agricultural	\$2,737	4,720	\$92.51		3.4%
Rate 6 - Medium Commercial	\$15,212	26,933	\$527.89		3.5%
Rate 6 - Large Commercial	\$39,816	75,685	\$1,483.43		3.7%
Rate 11 - Sample Dryer 1	\$39,894	101,499	\$1,989.39		5.0%
Rate 11 - Sample Dryer 2	\$120,524	338,332	\$6,631.30		5.5%
Rate 16 - Greenhouse (80% reduction)	\$872,214	9,350,000	\$36,652		4.2%

**Notes:**

(1) Change in FCC impact calculates the variance between the 2021 FCC proposed rate of 7.83 cents per m3 and the current rate of 5.87 cents per m3

THIS IS EXHIBIT 'C' referred to in  
the Affidavit of Tim Hesselink sworn  
before me this 18<sup>th</sup> day of November,  
2020.

A handwritten signature in cursive script, appearing to read "Tim Hesselink", is positioned above a horizontal line.

A Commissioner, etc.



## Exhibit "C"

---

**From:** Hesselink, Tim  
**Sent:** Wednesday, November 4, 2020 9:07 AM  
**To:** 'registrar@oeb.ca'; 'larry@anwaatin.com'; 'Don.Richardson@sharedvaluesolutions.com'; 'Lisa@demarcoallan.com'; 'jonathan@demarcoallan.com'; 'Patrick.McMahon@enbridge.com'; 'ian.mondrow@gowlingwlg.com'; 'srahbar@igua.ca'; 'wmcnally@opsba.org'; 'mark@shepherdrubenstein.com'; 'jay@shepherdrubenstein.com'; 'mrodger@blg.com'; 'schambers@kincardine.net'; 'clerk@arran-elderslie.ca'; 'mrwalden@huronkinloss.com'; 'jlawford@piac.ca'; 'markgarner@rogers.com'  
**Cc:** 'Alexander Di Ilio'; O'Callaghan, Daniela; Robinson, Susannah  
**Subject:** Notice of Application - EB-2020-0076/EB-2020-0231 - ENGLP Federal Carbon Pricing Program  
**Attachments:** notice\_EPCOR\_FCPP\_20201030.pdf; ENGLP\_EVD update\_FCPP\_20201016.pdf; ENGLP\_APPL\_FCPP\_20201016.pdf

Hello all,

**Re: EPCOR Natural Gas Limited Partnership (ENGLP) Federal Carbon Pricing Program - Rates effective April 1, 2021**

**Ontario Energy Board File Numbers:**

- **EB-2020-0076**
- **EB-2020-0231**

Please find attached the notice for EPCOR Natural Gas Limited Partnership's Federal Carbon Pricing Program application along with recently filed evidence.

Note that the Board will hear the application jointly.

Information related to this proceeding will also be posted on the OEB's website under the filing reference number, including previous submissions for EB-2020-0076 (hyperlinks below):

[EB-2020-0076](#)

[EB-2020-0231](#)

Regards,  
Tim



**Tim Hesselink, CPA, CGA**

Senior Manager, Regulatory Affairs  
EPCOR Ontario  
43 Stewart Road, Collingwood, ON  
T: 705.445.1800 ext. 2274  
[epcor.com](http://epcor.com)

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THIS IS EXHIBIT 'D' referred to in  
the Affidavit of Tim Hesselink sworn  
before me this 18<sup>th</sup> day of November,  
2020.

A handwritten signature in cursive script, appearing to read "Tim Hesselink", is written over a horizontal line.

A Commissioner, etc.



## Exhibit "D"

[EPCOR / About EPCOR / News & Announcements / Customer Notices / OSB Notice of Combined Proceeding for EPCOR's Federal Carbon Pricing Program Application](#)

- Read the application
- Read the evidence

Other customers, including businesses, will also be affected.

- This site register will be held under section 21(5) and section 36 of the Ontario Environmental Access Act, 1996 (S.O. 1996, c.15, Schedule B).

This site register will be held under section 21(5) and section 36 of the Ontario Environmental Access Act, 1996 (S.O. 1996, c.15, Schedule B).