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## **VIA RESS and EMAIL**

November 24, 2020

Ms. Christine Long  
Registrar & Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 27th Floor  
Toronto, Ontario  
M4P 1E4

Dear Ms. Long:

**Re: EB-2020-0264 – Enbridge Gas Inc. (“Enbridge Gas”) – January 2021 QRAM  
Notice of Commodity-Related Price Increase Estimate for January 2021**

The purpose of this letter is to inform the Ontario Energy Board (“OEB” or “Board”) of the estimated change in the commodity portion of an average residential sales service customer’s bill that is expected when Enbridge Gas files its January 1, 2021 Quarterly Rate Adjustment Mechanism (“QRAM”) application. Based on preliminary estimates, Enbridge Gas forecasts that the gas commodity portion of the bill will increase by more than 25% for sales service customers in the Union North West rate zone. Enbridge Gas forecasts the commodity bill increase will be less than 25% for sales service customers in the other rate zones.

### **Background**

In its QRAM Review Decision (EB-2014-0199), dated August 14, 2014, the OEB determined that it:

...will require Enbridge, NRG and Union, one month in advance of the normal QRAM filing date, to complete a preliminary estimate of the change in the commodity portion of a typical residential system supply customer’s bill that arises from the forecasted reference price (based on the most current 21-day strip available at the time) for the next quarter and the forecasted PGVA balances to be cleared. A gas distributor that anticipates an increase or decrease of 25% or more on the commodity portion of a typical residential system supply customer’s bill (which includes all commodity related rate riders) must file a letter with the Board describing the anticipated increase or decrease and the cost drivers underpinning the anticipated change. The letter must include information regarding the 21-day strip used and the forecasted PGVA balances that the distributor expects to clear.<sup>1</sup>

<sup>1</sup> EB-2014-0199, Decision and Order, August 14, 2014, pp. 4-5.

In accordance with the Decision, Enbridge Gas prepared a November 2020 estimate of the January 2021 QRAM impacts to the commodity portion of an average residential sales service customer bill. Based on the estimate performed, Enbridge Gas forecasts the commodity-related bill increase for a typical residential customer in the Union North West rate zone to be \$99 or 47%.<sup>2</sup> This increase is primarily driven by the rate mitigation impact approved as part of the October 1, 2020 QRAM, as described further below.

Enbridge Gas forecasts a commodity-related bill increase between 9% and 14% and a total bill increase of less than or equal to 5% for a typical residential customer in the other rate zones.

### Cost Drivers of the Commodity Bill Impacts – Union North West Rate Zone

Of the \$99 estimated bill impact for a typical residential customer in the Union North West rate zone, the cost drivers are:

1. \$42 increase related to the Alberta Border Reference price,
2. \$16 decrease related to the Purchase Gas Variance Accounts (“PGVA”), and
3. \$73 increase related to expiration of the total bill rate mitigation for the Union North West rate zone approved as part of the October 1, 2020 QRAM.

#### *1. Increase in the Alberta Border Reference Price*

The forecast of the Alberta Border Reference Price is \$3.148/GJ for January 1, 2021 to December 31, 2021, which represents an increase of \$0.482/GJ from the Alberta Border Reference Price of \$2.666/GJ approved by the Board in the October 2020 QRAM.<sup>3</sup> The annual bill impact for an average residential sales service customer in the Union North West rate zone is an increase of \$42.

#### *2. Decrease in Union North West Purchased Gas Variance Account (“PGVA”) Riders*

The January 1, 2021 forecast of the Union North West PGVA rider is less than the expiring January 1, 2020 PGVA rider. The annual bill impact for an average residential sales service customer in the Union North West rate zone is a decrease of \$16.

#### *3. Impact of October 2020 Union North West Rate Zone Total Bill Rate Mitigation*

As part of the October 2020 QRAM application the Board approved the proposed rate mitigation to reduce commodity bill impacts in all rate zones.<sup>4</sup> The rate mitigation also included a temporary 2.0000 ¢/m<sup>3</sup> credit in the Union North West gas commodity price adjustment for October 1, 2020 to December 31, 2020 to mitigate total bill increases that would otherwise exceed 10%. To recover the revenue impact associated with the temporary 2.0000 ¢/m<sup>3</sup> credit, Enbridge Gas included a

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<sup>2</sup> A typical residential customer bill impact for the Union rate zones is based on annual consumption of 2,200 m<sup>3</sup>.

<sup>3</sup> EB-2020-0195 Decision and Rate Order, September 24, 2020 approving the rate mitigation plan to use a 21-day strip ending August 3, 2020.

<sup>4</sup> EB-2020-0195, Decision and Rate Order, September 24, 2020, p. 7.

temporary 1.3335 ¢/m<sup>3</sup> charge for the period of January 1, 2021 to March 31, 2021 to the same customers. The impact of the expiring 2.0000 ¢/m<sup>3</sup> credit and the proposed 1.3335 ¢/m<sup>3</sup> charge as of January 1, 2021 results in an annual bill increase for the average residential sales service customer in the Union North West rate zone of \$73.<sup>5</sup>

#### Total Bill Impacts – Union North West Rate Zone

The October 2020 QRAM rate mitigation for the Union North West rate zone was approved to reduce total bill impacts to customers. While the commodity-related impact at January 1, 2021 is forecast to exceed 25%, the increase is reduced by the following decreases to the total bill effective January 1, 2021:

- A forecast decrease of \$19 a year primarily related to a decrease in TC Energy transportation tolls for the Union North West rate zone,
- A decrease of \$13 related to the expiry of the 2019 Federal Carbon deferral disposition on December 31, 2020, and
- An increase of \$10 a year related to the implementation of approved 2021 Rates (EB-2020-0095).

Overall, the forecast and approved rate changes for January 1, 2021 in the Union North West rate zone results in a net total bill increase of \$77 (or 8%), as shown in Table 1.

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<sup>5</sup> \$73 impact calculated as expiring 2.0000 ¢/m<sup>3</sup> credit plus 1.3335 ¢/m<sup>3</sup> charge multiplied by 2,200/100, or ((2.0000 + 1.3335) X 2,200/100 = \$73).

Table 1  
January 1, 2021 QRAM Estimate - Union North West Rate Zone Bill Impacts

Line No.	Particulars	Impact (\$)	Commodity Bill Impact (%) <sup>6</sup>
		(a)	(b)
	Commodity Bill Impacts		
1	Alberta Border Reference Price	42	20%
2	North West PGVA Riders	(16)	(7)%
3	October 2020 QRAM Rate Mitigation	73	35%
4	Total Commodity Bill Impact	99	47%
5	Approved Commodity Bill - October QRAM <sup>7</sup>	212	
		<u>Impact (\$)</u>	<u>Total Bill Impact (%)<sup>8</sup></u>
	Total Bill Impacts		
6	TC Energy Transportation Tolls	(19)	(2)%
7	2019 Federal Carbon Deferrals Expiry	(13)	(1)%
8	2021 Rates	10	1%
9	Total Other Rate Changes	(22)	(2)%
10	Total Bill Impact (line 4 + 9)	77	8%
11	Approved Total Bill - October QRAM <sup>9</sup>	987	

### Customer Communication

In its EB-2014-0199 Decision, the Board determined that it:

...is of the view that additional information and education for customers would be beneficial, as well as earlier notification of a pending large increase. If an increase greater than 25% is anticipated on the commodity portion of a typical residential system supply customer's bill (which includes all commodity related rate riders), the distributor must use best efforts to ensure that its customers are made aware of the proposed price change through, for example, the issuance of a press release describing the anticipated increase, based on the preliminary estimate, and the cost drivers for it.<sup>10</sup>

<sup>6</sup> Calculated using column (a) divided by the Approved Commodity Bill at column (a), line 5.

<sup>7</sup> EB-2020-0195, Exhibit E, Tab 2, Schedule 5, p. 2, column b, line 12.

<sup>8</sup> Calculated using column (a) divided by the Approved Total Bill at column (a), line 11.

<sup>9</sup> EB-2020-0195, Exhibit E, Tab 2, Schedule 5, p. 2, line 14.

<sup>10</sup> EB-2014-0199, Decision and Order, August 14, 2014, p 5.

Enbridge Gas plans to communicate the expected bill increases effective January 1, 2021 to general service customers using the following methods:

- News release – following approval of the January QRAM highlighting the change, steps consumers can take to mitigate the increase and utility programs that can help.
- Social media – beginning December 1 updates regarding rate changes for January 1, 2021 and steps consumers can take to mitigate the increase. These posts will link to a dedicated information page on enbridgegas.com.
- Enbridgegas.com – a message on the homepage and a dedicated information page with FAQ's for both residential and small business customers.
- IVR messaging – customers will hear a message about upcoming rate changes when they call the contact centres in January 2021.
- Contact Centres – customer representatives provide ongoing support to customers through the year and are available to discuss rate changes and answer individual questions as required.

Enbridge Gas expects to file its January 1, 2021 QRAM application on December 9, 2020.

If you have any questions with respect to this submission please contact me at 416-495-5642.

Yours truly,

Asha Patel  
Technical Manager, Regulatory Applications

c.c.: All Interested Parties EB-2008-0106, EB-2018-0305 & EB-2019-0194