



DECISION AND RATE ORDER

EB-2019-0294

ENBRIDGE GAS INC.

Application for leave to construct natural gas pipelines and associated facilities in the City of Markham, Regional Municipality of York

BEFORE: **Susan Frank**
 Presiding Commissioner

Lynne Anderson
Chief Commissioner

Emad Elsayed
Commissioner

November 26, 2020

INTRODUCTION AND SUMMARY

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. The planned in-service date of the Project is August 2021.

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.

In order to ensure that BGA customers are kept whole, Enbridge Gas proposed an annual rate rider credit of \$10.00 per year for residential customers in the BGA. Similarly, Enbridge Gas proposed an annual rate rider credit 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. The OEB also directed OEB staff to file submissions on the draft rate schedules.

On November 5, 2020, Enbridge Gas filed draft Rate 1 and Rate 6 schedules and a proposed schedule that sets out the proposed Rider L, the Hydrogen Gas Rider. Enbridge Gas proposed not to refer to Rider L in the rate schedules for Rate 1 or Rate 6 as Rider L would apply to only around 3,600 customers, which is a small sub-set of Enbridge Gas's total customer base for these customer rate classes. Enbridge Gas submitted that this would avoid customer confusion related to the applicability of Rider L. Enbridge Gas noted 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).

On November 12, 2020, OEB staff filed its submissions. OEB staff stated that it had no concerns with Enbridge Gas's proposed approach to include Rider L in its rate handbook but not to refer to 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 submitted 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, and should be approved as filed.

On November 17, 2020, Enbridge Gas filed its reply submission, which stated that Enbridge Gas had no further comments.

Findings

The OEB approves Enbridge Gas's Rider L, the Hydrogen Gas Rider, as filed. The OEB also finds that Enbridge Gas's proposal to not refer to Rider L in the Rate 1 and Rate 6 schedules is appropriate as it is consistent with the treatment of other rate riders previously approved by the OEB that only apply to a subset of customers in a given rate class.

The OEB notes that Enbridge Gas has proposed an effective date for Rider L of July 1, 2021. The OEB finds this appropriate as it aligns the effective date with the closest Quarterly Rate Adjustment Mechanism preceding the planned in-service date for this Project (i.e., for rates effective July 1, 2021).

ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Rider L, which is set out in Schedule A of this Decision and Rate Order, is approved effective July 1, 2021.

DATED at Toronto November 26, 2020

ONTARIO ENERGY BOARD

Original Signed By

Christine E. Long
Registrar

SCHEDULE A
DECISION AND RATE ORDER
ENBRIDGE GAS INC.
EB-2019-0294
NOVEMBER 26, 2020

APPLICABILITY:

This Rider is applicable to the Terminal Location of any Applicant who, pursuant to any Rate Schedule, receives gas distribution services from the Company as part of a Hydrogen Blending Pilot Project listed below. The Hydrogen Gas Rider will compensate customers in the applicable Blended Gas Area for costs associated with increased gas consumption resulting from a lower heating value of the gas and is in addition to the rate charged pursuant to the applicable Rate Schedule.

HYDROGEN GAS RIDER FOR CUSTOMERS IN THE BLENDED GAS AREA:

Rate 1: A credit of \$10.00 per year per Terminal Location

Rate 6: A credit of \$86.00 per year per Terminal Location

HYDROGEN BLENDING PILOT PROJECT AND EFFECTIVE DATE:

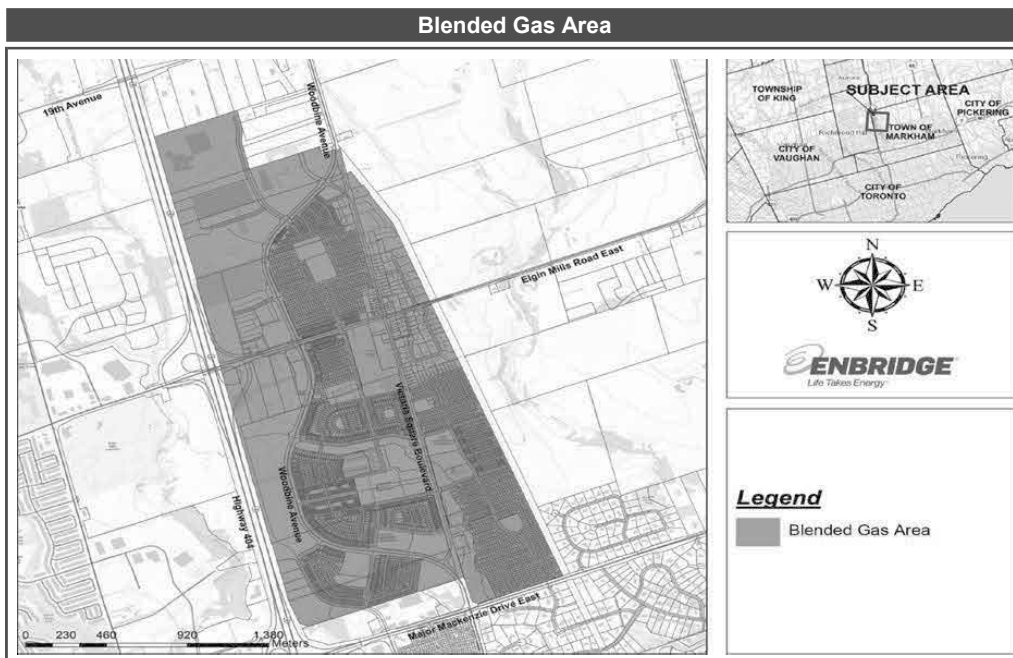
Description	In-service Date	Term	Board Order Number
Hydrogen Blending Pilot Project Markham (see map below)	August 1, 2021	To be reviewed annually and updated if there is a material change in the price of natural gas	EB-2019-0294

GLOSSARY OF TERMS:

Hydrogen Blending Pilot Project:

- A project for which the Company blends its standard gas supply with up to 2% of hydrogen gas (blended gas) for distribution within an isolated portion the Gas Distribution Network called the Blended Gas Area.

Markham Blended Gas Area Map:



EFFECTIVE DATE: July 1, 2021	IMPLEMENTATION DATE: July 1, 2021	BOARD ORDER:	REPLACING RATE EFFECTIVE:	Page 1 of 1 Handbook 65
---------------------------------	--------------------------------------	--------------	---------------------------	----------------------------