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BY EMAIL

December 11, 2020

Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4

Attention: Ms. Christine E. Long, Registrar

Dear Ms. Long:

**Re: OEB Staff Interrogatories
EPCOR Natural Gas Limited Partnership
2020 and 2021 Federal Carbon Pricing Program Applications
OEB File Numbers: EB-2020-0076/EB-2020-0231**

Pursuant to Procedural Order No. 1, please find attached the interrogatories of OEB staff in the above referenced proceedings. This document has been sent to EPCOR Natural Gas Limited Partnership.

Yours truly,

Original signed by

Michael Parkes
Project Advisor, Application Policy and Conservation

cc: EPCOR Natural Gas Limited Partnership

Encl.

ONTARIO ENERGY BOARD

OEB Staff Interrogatories

EPCOR Natural Gas Limited Partnership

2020 and 2021 Federal Carbon Pricing Program Applications

EB-2020-0076/EB-2020-0231

December 11, 2020

EPCOR Natural Gas Limited Partnership
2020 and 2021 Federal Carbon Pricing Program Applications
EB-2020-0076/EB-2020-0231
OEB STAFF INTERROGATORIES
December 11, 2020

Staff IR-1

Topic: First Nations On-Reserve Customers

Ref: Decision and Order on Enbridge Gas Inc. 2020 Federal Carbon Pricing Program Application (EB-2019-0247), August 13, 2020, p. 18 of 24

Preamble:

In its August 13, 2020 Decision and Order on Enbridge Gas's 2020 Federal Carbon Pricing Program (FCPP) Application, the OEB determined that the Federal Carbon Charge and rate riders for disposition of the balances in the Customer Variance Accounts would be interim for First Nations on-reserve customers until the OEB had considered an issue raised in that proceeding as to whether the FCPP charges are constitutionally applicable in light of the *Indian Act*, relevant treaties, and section 35 of the *Constitution Act, 1982*. At this time, the OEB has not yet considered this issue and these rates remain interim.

Questions:

- a) Does ENGLP serve any First Nations on-reserve customers in either its Aylmer or South Bruce service territories (or expect to connect any such customers prior to April 1, 2022)?
- b) If so, does ENGLP have the capability within its billing system to track any Federal Carbon Charge payments made by these customers?

Staff IR-2

Topic: Upstream Costs

Ref: EB-2020-0076, Exhibit A, Tab 1, Schedule 1 / pp. 4-5 of 8; EB-2020-0076, Exhibit A-S, Tab 1, Schedule 1 / p. 2 of 4

Preamble:

ENGLP notes that it incurs upstream costs associated with Enbridge's Facility Carbon Charge, which are recovered from its customers.

Questions:

- a) Please confirm that ENGLP is not requesting approval for any rate changes related to upstream costs (e.g. changes to the Purchased Gas Transportation Variance Account rate rider) as part of the current FCPP applications.

Staff IR-3

Topic: Federal Carbon Charge Rate for Qualifying Greenhouses

Ref: EB-2020-0231, 2021 Federal Carbon Pricing Application / pp. 23-24 of 26

Preamble:

ENGLP provides a summary of its requested Federal Carbon Charge rates for customers, including qualifying greenhouses.

Questions:

- a) The proposed rates for qualifying greenhouses do not appear to be exactly 20% of the Federal Carbon Charge rate. Please confirm whether the rates for qualifying greenhouses should be 1.17400 cents/m³ and 1.5660 cents/m³, for the January 1, 2021 to March 31, 2021, and April 1, 2021 to December 31, 2021 periods, respectively.

Staff IR-4

Topic: Facility Natural Gas Volumes

Ref: EB-2020-0076, Exhibit B, Tab 2, Schedule 2 / p. 1 of 1; EB-2020-0231, 2021 Federal Carbon Pricing Application / p. 19 of 26

Preamble:

ENGLP forecasts its facility-related volumes of natural gas consumption in 2020 and 2021 from company use buildings and natural gas vehicles.

Questions:

- a) Why are ENGLP's forecast facility-related volumes of natural gas consumption so different between 2020 and 2021 (2020: 8,245 m³ from buildings, 38,316 m³

from natural gas vehicles; 2021: 64,275 m³ from buildings, 2,245 m³ from natural gas vehicles)?

Staff IR-5

Topic: Facility Carbon Charge Calculations

Ref: EB-2020-0076, Exhibit E, Tab 2, Schedule 2 / p. 1 of 1; EB-2020-0231, p. 22 of 26

Preamble:

ENGLP calculates that a Facility Carbon Charge unit rate (column 5, mistakenly labelled “Federal Carbon Charge unit rate”) of 0.0027 cents/m³, effective April 1, 2020, is needed to recover ENGLP’s 2020 facility-related FCPP costs from its customers, and that a Facility Carbon Charge unit rate (column 5, mistakenly labelled “Federal Carbon Charge unit rate”) of 0.0052 cents/m³, effective April 1, 2021, is needed to recover ENGLP’s 2021 facility-related FCPP costs from its customers.

Questions:

- a) It appears to OEB staff that ENGLP’s calculations accurately calculate the Facility Carbon Charge unit rate that would be needed to recover ENGLP’s 2020 facility-related FCPP costs **if** this rate (0.0027 cents/m³) was effective for the full 2020 calendar year. However, because a lower Facility Carbon Charge unit rate (0.0017 cents/m³) is effective from January 1, 2020 to March 31, 2020, it appears that the requested rate would not fully recover ENGLP’s forecast 2020 facility-related costs. Similarly, it appears that the Facility Carbon Charge rate requested for April 1, 2021 would not fully recover ENGLP’s forecast 2021 facility-related costs.

Please confirm whether OEB staff’s understanding is correct, and if so, why ENGLP has used this approach to set the Facility Carbon Charge rates requested (0.0027 cents/m³ effective April 1, 2020, and 0.0052 cents/m³ effective April 1, 2021).

- b) Would ENGLP have any concerns with setting the rate for the Facility Carbon Charge that takes effect on April 1, 2021 based on forecast facility-related costs expected to be incurred between April 1, 2021 and March 31, 2022?

Staff IR-6

Topic: Facility Carbon Charge for ENGLP Southern Bruce

Ref: EB-2020-0076, Exhibit B-S, Tab 1, Schedule 1 / p. 3 of 3

Preamble:

ENGLP notes that it does not forecast any facility-related FCPP costs for Southern Bruce in 2020, and is proposing to either have no facility carbon charge or show a facility carbon charge of 0.0000 cents/m³ for 2020 on its Tariffs of Rates and Charges.

Questions:

- a) Does ENGLP have a preference between these two options?

Staff IR-7

Topic: Accumulation of Balances in Customer Variance Account and Facility Variance Account

Ref: EB-2020-0076, 2020 Federal Carbon Pricing - Additional Evidence / p. 14 of 14

Preamble:

The auditor's report shows the monthly accumulation of balances in ENGLP's FCPP-related deferral and variance accounts, including changes to the balance in the Customer Variance Account and Facility Variance Account due to funds received from customers and funds remitted to the Government of Canada.

Questions:

- a) For the Customer Variance Account, why are the values "Received via Billing – Customer Charge" and "Federal Fuel Charge" not equivalent to one another in the months from August to December 2019, given that the Federal Carbon Charge was effective on ENGLP customer bills as of August 1, 2019 and exactly matched the volumetric rate to be remitted to the Government of Canada through the fuel charge?
- b) For the Facility Variance Account, please indicate the reasons why the values "Received via Billing – Facility Charge" and "Federal Fuel Charge" are not equivalent to one another in the months from August to December 2019. Are the differences primarily due to differences from forecast in the inputs used to set the rate for the Facility Carbon Charge (e.g. difference from forecast in ENGLP's 2019 facility emissions, difference from forecast in the 2019 customer volumes over which the Facility Carbon Charge would be recovered) or to some other factor?

Staff IR-8

Topic: Interest Calculations for Deferral and Variance Accounts

Ref: EB-2020-0076, 2020 Federal Carbon Pricing - Additional Evidence / pp. 7-9, 14 of 14

Preamble:

ENGLP calculates the accumulated interest in the 2019 FCPP deferral and variance accounts (DVAs).

Questions:

- a) It appears that ENGLP has calculated the interest in the 2019 FCPP DVAs only to December 31, 2019, instead of to March 31, 2021 (the date immediately before recovery of these balances begins). Please confirm that ENGLP intends to seek recovery of balances including interest to March 31, 2021, and if so, please provide an updated calculation of 2019 FCPP DVA balances and proposed rate riders (a prescribed interest rate has not yet been established by the OEB for Q1 2021; ENGLP may wish to use the Q4 2020 rate of 0.57% for Q1 2021 – in the event that this rate does not change, ENGLP's rate rider calculations would then need no further adjustment).

Staff IR-9

Topic: Calculation of Customer Variance Account Rate Rider

Ref: EB-2020-0076, 2020 Federal Carbon Pricing - Additional Evidence / p. 7 of 14

Preamble:

ENGLP calculates a rate rider of 0.0093 cents/m³ for the disposition of the balance in the 2019 Customer Variance Account.

Questions:

- a) Please confirm that the rate rider would be \$0.0093/m³, not 0.0093 cents/m³.

Staff IR-10

Topic: Allocation and Disposition of 2019 Customer Variance Account Balance

Ref: EB-2020-0076, 2020 Federal Carbon Pricing - Additional Evidence / p. 7 of 14

Preamble:

ENGLP proposes to recover the 2019 balances in its Customer Variance Account through a twelve-month rate rider, calculated based on “2019 customer volumes”.

Questions:

- a) Please clarify whether ENGLP is proposing to allocate 2019 Customer Variance Account balances to customer classes (and to recover these balances from individual customers) based on their 2019 volumes for the entire calendar year, or for their volumes between April 1, 2019 and July 31, 2019.
- b) If the former, please explain why ENGLP is proposing this approach.
- c) If necessary, please indicate whether and how the imbalance between funds collected from customers through the Federal Carbon Charge and funds remitted to the Government of Canada through the fuel charge after July 31, 2019 (IR-7) were considerations in ENGLP’s proposed allocation approach.
- d) Please clarify whether ENGLP’s statement that “volumes related to eligible greenhouse customers have been removed” means that these customers would pay the Customer Variance Account rate rider on 20% of their 2019 volumes or whether they would not pay this rate rider at all.

Staff IR-11

Topic: Allocation and Disposition of 2019 Facility Variance Account Balance

Ref: EB-2020-0076, 2020 Federal Carbon Pricing - Additional Evidence / p. 9 of 14

Preamble:

ENGLP proposes to recover the 2019 balances in its Customer Variance Account through a “fixed charge rate rider...based on 2019 customer volumes”.

Questions:

- a) Please confirm that the proposed disposition approach is a fixed charge rate rider (as shown in Table 4) and does not depend on 2019 customer volumes.

Staff IR-12

Topic: 2019 Administration Costs

Ref: EB-2020-0076, 2020 Federal Carbon Pricing - Additional Evidence / pp. 8-9, 14 of 14

Preamble:

ENGLP indicates 2019 administration costs of \$85,128.81, which are proposed to be disposed of through the Administration Deferral Account.

Questions:

- a) Please provide a detailed explanation of ENGLP's actual 2019 FCPP administration costs, including a breakdown by expense category and context regarding any key differences from the description of forecast 2019 administration costs provided in ENGLP's 2019 FCPP application (EB-2019-0101).

Staff IR-13

Topic: Administration Costs For Other Federal/Provincial Regulations

Ref: EB-2020-0076, Exhibit D, Tab 1, Schedule 1, Page 2 of 2

EB-2020-0076, 2020 Federal Carbon Pricing - Additional Evidence / p. 8 of 14

Preamble:

ENGLP requests approval to use the existing GGEADA account (Account No. 179-60) to record the administrative costs associated with the impacts of the GGPPA, as well as any other federal and/or provincial regulations related to GHG emission requirements.

Questions:

- a) OEB staff note that the Accounting Order for the GGEADA account indicates its purpose as being "to record the administrative costs associated with the impacts of the Greenhouse Gas Pollution Pricing Act (GGPPA) for EPCOR Gas' Aylmer Operation." Is ENGLP specifically requesting a change to the purpose of this deferral account to enable recovery of administrative costs associated with other federal and/or provincial regulations related to GHG emission requirements?
- b) Please indicate whether any of the 2019 administrative costs in the GGEADA that are requested for disposition are associated with activities other than the GGPPA. If so, please provide a quantum of those costs and an explanation of what they relate to.

Staff IR-14

Topic: Forecast 2020 Administration Costs For ENGLP Southern Bruce

Ref: EB-2020-0076, Exhibit C, Tab 1, Schedule 1 / p.1 of 4; EB-2020-0076, Exhibit A-S, Tab 1, Schedule 1 / p. 2 of 4

Preamble:

ENGLP forecasts 2020 FCPP administration costs of \$70,850 for its Aylmer operations. ENGLP indicates that it will provide a forecast of 2020 administration costs for the Southern Bruce operations as part of an evidence update, and that for 2020, ENGLP foresees the incremental administration costs to be minimal.

Questions:

- a) A forecast of incremental 2020 administration costs for Southern Bruce operations has not been provided. Does ENGLP still foresee any incremental 2020 administration costs (beyond those forecast for 2020 for ENGLP Aylmer) to be minimal?
- b) What approach is ENGLP taking towards allocating administration costs (in 2020 and onwards) between the Aylmer or South Bruce franchise areas, for future disposition?

Staff IR-15

Topic: Bill Impacts

Ref: EB-2020-0076, 2020 Federal Carbon Pricing - Additional Evidence / p. 10 of 14, EB-2020-0231, p. 22 of 26, EB-2020-0234, 2021 Incentive Rate Adjustment Application / p. 26 of 84

Preamble:

ENGLP provides a bill impact estimate for its Aylmer operations due to the rate changes requested in each of EB-2020-0076, EB-2020-0231, and EB-2020-0234.

Questions:

- a) Please provide a similar table showing the combined bill impact estimates for ENGLP Aylmer customers based on a comparison between approved rates as of October 1, 2020, and rates should ENGLP's rate requests in all three of these proceedings be approved as filed.