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VIA RESS and EMAIL

February 24, 2021

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

Dear Ms. Long:

**Re: EB-2021-0070 – Enbridge Gas Inc. (“Enbridge Gas”) – April 2021 QRAM
Notice of Commodity-Related Price Decrease Estimate for April 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 April 1, 2021 Quarterly Rate Adjustment Mechanism (“QRAM”) application. Based on preliminary estimates, Enbridge Gas forecasts that the gas commodity portion of the bill will decrease by more than 25% for sales service customers in the Union North West rate zone. Enbridge Gas forecasts the commodity bill decrease 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.¹

¹ EB-2014-0199, Decision and Order, August 14, 2014, pp. 4-5.

In accordance with the Decision, Enbridge Gas prepared a February 2021 estimate (using a 21 day strip of December 31, 2020 to January 29, 2021) of the April 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 impact for a typical residential customer in the Union North West rate zone to be a \$77 or 26% decrease.²

Enbridge Gas forecasts a commodity-related bill decrease of 6% or less in the other rate zones.

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

Of the \$77 estimated bill decrease for a typical residential customer in the Union North West rate zone, the drivers are:

1. \$5 decrease related to the Alberta Border Reference price,
2. \$43 decrease related to the Purchase Gas Variance Account (“PGVA”), and other commodity related deferral riders , and
3. \$29 decrease related to the expiry of the total bill rate recovery for the Union North West rate zone approved as part of the October 1, 2020 QRAM and implemented as part of January – March 2021 rates.

1. Decrease in the Alberta Border Reference Price

The forecast of the Alberta Border Reference Price is \$2.816/GJ for April 1, 2021 to March 31, 2022, which represents a decrease of \$0.057/GJ from the Alberta Border Reference Price of \$2.873/GJ approved by the Board in the January 2021 QRAM.³ The annual commodity bill impact for an average residential sales service customer in the Union North West rate zone is a decrease of \$5.

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

The April 1, 2021 forecast of the Union North West PGVA rider is less than the expiring April 1, 2020 PGVA rider. The annual commodity bill impact for an average residential sales service customer in the Union North West rate zone is a decrease of \$43.

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.⁴ The rate mitigation also included a temporary 2.0000 ¢/m³ 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 ¢/m³ credit, Enbridge Gas included a temporary 1.3335 ¢/m³ charge for the period of January 1, 2021 to March 31, 2021 to

² A typical residential customer bill impact for the Union rate zones is based on annual consumption of 2,200 m³.

³ EB-2020-0264 Decision and Rate Order, December 18, 2020.

⁴ EB-2020-0195, Decision and Rate Order, September 24, 2020, p. 7.

the same customers. The impact of the expiring 1.3335 ¢/m³ charge as of April 1, 2021 results in an annual commodity bill decrease for the average residential sales service customer in the Union North West rate zone of \$29.⁵

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

Line No.	Particulars	Impact (\$)	Impact (%) ⁶
		(a)	(b)
	Commodity Bill Impacts		
1	Alberta Border Reference Price	(5)	(2)%
2	North West PGVA Riders	(43)	(15)%
3	October 2020 QRAM Rate Mitigation	(29)	(10)%
4	Total Commodity Bill Impact	<u>(77)</u>	<u>(26)%</u>
5	Approved Commodity Bill - January QRAM ⁷	293	

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. If a decrease greater than 25% is anticipated, the distributor may choose to issue a press release describing the anticipated decrease and the reasons for it.⁸

While the commodity-related impact at April 1, 2021 is forecast to decrease for all rate zones as described above, two additional items are impacting customer's bills effective April 1, 2021: disposition of 2017 & 2018 DSM Deferral and Variance Accounts (EB-2020-0067) approved on January 28, 2021, and implementation of 2021 Federal Carbon Pricing Program (EB-2020-0212) rate changes approved on February 11, 2021.

⁵ \$29 impact calculated as expiring 1.3335 ¢/m³ charge multiplied by 2,200/100, or ((1.3335) X 2,200/100 = \$29).

⁶ Calculated using column (a) divided by the Approved Commodity/Total Bill at column (a), line 5 and line 10.

⁷ EB-2020-0264, Exhibit E, Tab 2, Schedule 5, p. 2, column b, line 12.

⁸ EB-2014-0199, Decision and Order, August 14, 2014, p 5.

Enbridge Gas plans to communicate rate changes effective April 1, 2021 to general service customers using the following methods:

Upon submission of the April 1, 2021 QRAM application:

- Social media posts on Enbridge Gas Twitter and Facebook accounts highlighting proposed rate changes for April 1, 2021. These posts will link to information for consumers on enbridgegas.com.
- enbridgegas.com – a message on the homepages of uniongas.com and enbridgegas.com that will link to information on steps consumers can take to reduce consumption and utility programs that can help.

Upon receiving OEB decision on the April 1, 2021 QRAM application:

- News release – highlighting the change and steps consumers can take to reduce consumption and utility programs that can help.
- Updated social media posts on Enbridge Gas Twitter and Facebook accounts highlighting approved rate changes for April 1, 2021. These posts will link to information for consumers on enbridgegas.com.
- enbridgegas.com – an updated message on the homepages of uniongas.com and enbridgegas.com that will link to information on steps consumers can take to reduce consumption and utility programs that can help on enbridgegas.com.
- IVR messaging – customers will hear a message about upcoming rate changes when they call the contact centres in April 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 April 1, 2021 QRAM application on March 12, 2021.

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