



ONTARIO ENERGY BOARD

STAFF COMMENTS ON DRAFT RATE ORDER DATED MAY 18, 2021

Enbridge Gas Inc. Phase 2 – 2021 Rates Application (Incremental Capital Module Funding) EB-2020-0181

May 21, 2021

Overview and Staff Comments

On August 30, 2018, the Ontario Energy Board (OEB) approved the amalgamation of Enbridge Gas Distribution Inc. (EGD) and Union Gas Limited (Union Gas) under the OEB's policy on mergers, amalgamations, acquisitions and divestitures (MAADs).¹ In its decision, the OEB also approved a rate-setting framework and associated parameters for the deferred rebasing period of 2019 to 2023 (MAADs Decision). The companies amalgamated to form Enbridge Gas Inc. (Enbridge Gas) effective January 1, 2019.

Enbridge Gas filed an application with the OEB on October 15, 2020 seeking approval for unit rates related to its 2021 Incremental Capital Module (ICM) funding request. In a Decision and Interim Rate Order issued on November 6, 2020, the OEB accepted the settlement proposal between the intervenors and the applicant on all issues in Phase 1 of the proceeding that set the mechanistic aspects of 2021 rates. This application addressed only the ICM funding request for 2021 rates. The rate order in this proceeding will set the final rates for 2021.

The OEB issued its decision on May 6, 2021 related to two ICM projects in the Union South rate zone. In its decision, the OEB approved ICM funding for only the London Line Replacement Project. Enbridge Gas filed a draft rate order on May 18, 2021, reflecting the OEB's findings.

OEB staff has reviewed the draft rate order along with the supporting schedules and is satisfied that the rate schedules appropriately reflect the OEB's Decision in this proceeding and the ICM unit rates have been appropriately calculated.

The ICM unit rates are based on an effective date of July 1, 2021, and the rate changes will be implemented in conjunction with Enbridge Gas's July 1, 2021 Quarterly Rate Adjustment Mechanism (QRAM) application.² The ICM unit rates are embedded in the delivery and transportation charges on the applicable rate schedules. The net annual bill increase associated with the 2021 ICM approved funding for a typical Union South residential customer (Rate M1) consuming 2,200 m³ per year is approximately \$2.05. Since the approved ICM project is in the Union South rate zone, there is no rate impact related to 2021 ICM projects in the Union North or EGD rate zones.

- All of which is respectfully submitted -

¹ EB-2017-0306 / 0307 (the MAADs Decision).

² Enbridge Gas Settlement Proposal, January 5, 2021, p. 23.