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July 19, 2021

BY RESS AND EMAIL

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

Dear Ms. Long:

**Re: Enbridge Gas Inc. (Enbridge Gas)
Ontario Energy Board (OEB) File No.: EB-2019-0247
2020 Federal Carbon Pricing Program Application
Reply Submission on Deferred Issues**

In accordance with the Ontario Energy Board's (OEB) Procedural Order No. 4 dated May 10, 2021 for the above noted proceeding, enclosed please find Enbridge Gas's Reply Submission regarding the applicability of the Federal Carbon Charge to Enbridge Gas's First Nations on-reserve customers.

If you have any questions, please contact the undersigned.

Sincerely,

Adam Stiers
Manager, Regulatory Applications – Leave to Construct

cc: T. Persad (Enbridge Gas Counsel)
T. Dyck (Torys)
M. Parkes (OEB Staff)
L. Murray (OEB Counsel)
EB-2019-0247 (Intervenors)

IN THE MATTER OF the *Ontario Energy Board Act*,
1998, S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an application for Enbridge
Gas Inc. (**Enbridge Gas**), for an order or orders for
gas distribution rate changes and clearing certain non-
commodity deferral and variance accounts related to
compliance obligations under the *Greenhouse Gas
Pollution Pricing Act*, S.C. 2018, c. 12, s. 186 (the
Application).

ENBRIDGE GAS INC.

**RESPONDING SUBMISSION TO
OEB STAFF**

OEB File No. EB-2019-0247

July 19, 2021

1 **INTRODUCTION**

2 Pursuant to Procedural Order No. 4 issued by the Ontario Energy Board (“OEB”)
3 on May 10, 2021, Enbridge Gas Inc. (“Enbridge Gas” or the “Company”) makes
4 these submissions in reply to the submissions filed by OEB staff on July 5, 2021.
5 These reply submissions are meant to be read in conjunction with the Company’s
6 previous submissions dated July 5, 2021.

7
8 Enbridge Gas has reviewed OEB staff’s submission and agrees with its
9 conclusions that:

- 10 (i) Enbridge Gas’s Federal Carbon Charge rate and the disposition of unit
11 rates for the Federal Carbon Charge – Customer Variance Accounts
12 (“FCCCVAs”), approved on an interim basis for First Nations on-reserve
13 customers, effective April 1, 2020, as well as the updated Federal
14 Carbon Charge rate that came into effect April 1, 2021, should be made
15 final for First Nations on-reserve customers;
16 (ii) Enbridge Gas should no longer be required to separately track amounts
17 for First Nations on-reserve customers; and
18 (iii) there is no basis for the Company’s shareholders to bear any
19 incremental Federal Carbon Charge-related costs resulting from the
20 OEB’s determinations in this proceeding.

21
22 If, contrary to the submissions of Enbridge Gas and OEB staff, the OEB finds that
23 the Federal Carbon Charge should not be paid by some or all of Enbridge Gas’s
24 Indigenous customers, Enbridge Gas has certain concerns with the italicized
25 sentence in the following submission made by OEB Staff:

26 In the event that the OEB finds that the Fuel Charge should not be
27 paid, either by all Indigenous customers or the subset of on reserve
28 First Nations customers, it will be necessary for the OEB to
29 determine the treatment of the costs associated with such usage.

1 Neither the COO nor Anwaatin have identified from whom the Fuel
2 Charge should be recovered in respect of such usage. OEB staff
3 submits that in the event the Fuel Charge for gas usage by all
4 Indigenous customers or on-reserve First Nations customers must
5 continue to be paid by Enbridge Gas to the Government of Canada,
6 the costs should be borne by all other Enbridge Gas ratepayers.
7 There is no basis, in OEB staff's view, for the shareholder to pick up
8 this cost. *Costs associated with such usage could be allocated to all*
9 *other customers based on class-specific historical volumes.*¹ (Italics
10 added.)

11 The Company's concerns are as follows:

12 ***(i) Identification of all Indigenous customers for exemption.***

13 As discussed in Enbridge Gas's submissions dated July 5, 2021, the
14 *Greenhouse Gas Pollution Pricing Act* ("GGPPA") does not exempt Indigenous
15 customers from the Federal Carbon Charge². As such, the legislation does not
16 contain any mechanism by which Indigenous customers can identify themselves
17 for an exemption.³

18
19 Currently, Enbridge Gas can only identify a customer as being a First Nations
20 customer living on-reserve through the use of geographical location coding that
21 identifies reserve lands. Enbridge Gas has no ability to identify other Indigenous
22 customers. For personal privacy and other reasons, Enbridge Gas has not
23 historically requested, and currently does not request, that any of its customers
24 disclose their Indigenous status to the Company. Accordingly, Enbridge Gas
25 does not have any processes established to gather and verify such sensitive
26 information from its customers and therefore is not in a position to exempt all
27 Indigenous customers as contemplated by OEB staff.

28

¹ OEB Staff Submission on the Deferred Issues Enbridge Gas Inc. – 2020 Federal Carbon Pricing Program Application, July 5, 2021, pp. 32-33.

² The GGPPA, Division 2, Subdivision A, Section 17, p. 21.

³ In contrast, the GGPPA contains an exemption certificate process for certain other persons and entities that are exempt from the Federal Carbon Charge.

1 Presumably, in order to develop the collection and verification processes
2 required to facilitate an exemption for “all Indigenous customers” the Company
3 would need to consult with government, legal counsel and Indigenous
4 customers/representatives. Further, in order to apply verified exemptions to
5 individual customers, the Company would likely require significant upgrades to its
6 existing billing systems.

7 Given the timeline for these reply submissions, Enbridge Gas is not in a position
8 to furnish the OEB with further details regarding the resources, time or costs
9 necessary to exempt all Indigenous customers. However, if directed by the OEB
10 to provide these details, the Company could investigate further and include a
11 proposal to facilitate such a broad-based exemption as part of its 2022 Federal
12 Carbon Pricing Program application and evidence, which it expects to file with
13 the OEB by September 30, 2021.

14 ***(ii) From whom should Federal Carbon Charges associated with volumes***
15 ***consumed by Indigenous customers be recovered?***

16 OEB staff submitted that if the OEB directs that the Federal Carbon Charges
17 associated with volumes consumed by Indigenous customers should not be paid
18 by either all Indigenous customers or a subset of First Nations on-reserve
19 customers, and if Enbridge Gas remains obligated to remit payment for such
20 volumes to the government of Canada, such costs should be borne by all other
21 ratepayers, allocated based on rate class-specific historical consumption
22 volumes. If the privacy, process and system considerations described above can
23 be satisfactorily addressed, Enbridge Gas finds OEB Staff’s proposed allocation
24 methodology to be reasonable.

25
26 Enbridge Gas submits that should the OEB determine that either all Indigenous
27 or a subset of First Nations on-reserve customers are to be exempted from
28 Federal Carbon Charges, recovery of the resulting revenue shortfall should be
29 facilitated through the OEB-approved FCCCVAs which were designed to

1 “...record the variance between actual federal customer carbon levy and actual
2 federal customer levy recovered in rates as approved by the OEB.”⁴ Going
3 forward, amounts recorded in the FCCCVAs would be disposed of to all
4 ratepayers who are subject to the Federal Carbon Charges under Part 1 of the
5 GGPPA as part of the Company’s annual Federal Carbon Pricing Program
6 Applications made each fall.

7
8 The use of a variance account rather than increasing an existing rate simplifies
9 recovery by eliminating forecast vs. actual volume variances that could result
10 from prospective recovery. It also avoids instances of customer confusion
11 resulting from the Federal Carbon Charges on customer bills varying from the
12 government of Canada’s published rate.

13 **CONCLUSION**

14 Enbridge Gas agrees with and supports the conclusions of OEB staff as set out in
15 the Introduction above. However, in the alternative that the OEB disagrees with
16 the responding submissions of Enbridge Gas and OEB staff regarding the
17 applicability of the Federal Carbon Charge to Indigenous customers, and makes a
18 determination that all or certain Indigenous customers should be exempted from
19 Federal Carbon Charges, Enbridge Gas would bring forward a proposal to record
20 the amounts previously approved by the OEB on an interim basis in the FCCCVAs
21 and to dispose of the same to all ratepayers who are subject to the Federal Carbon
22 Charges under Part 1 of the GGPPA, as part of its 2022 Federal Carbon Pricing
23 Program Application, which will be filed by September 30, 2021.

⁴ EB-2018-0205, Decision and Order, July 4, 2019, Appendix A.