



**Richard Wathy**  
Technical Manager  
Regulatory Applications  
Regulatory Affairs

Cell: 519-365-5376  
Email: Richard.Wathy@enbridge.com  
EGIRegulatoryProceedings@enbridge.com

**Enbridge Gas Inc.**  
50 Keil Dr.  
Chatham, Ontario  
N7M 5M1  
Canada

## **VIA RESS and EMAIL**

August 27, 2021

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

Dear Christine Long:

**Re: EB-2021-0219 – Enbridge Gas Inc. (“Enbridge Gas”) – October 2021 QRAM  
Notice of Commodity-Related Price Increase Estimate for October 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 October 1, 2021 Quarterly Rate Adjustment Mechanism (“QRAM”) application.

Based on preliminary estimates, Enbridge Gas has forecast that the gas commodity portion of the bill will increase by more than 25% for sales service customers in the EGD, Union North West and Union North East rate zones. Enbridge Gas forecasts the commodity bill increase will be slightly less than 25% for sales service customers in the Union South rate zone.

Based on market pricing trends since the preliminary estimate was prepared, Enbridge Gas expects it is likely that the gas commodity portion of the bill will increase by more than 25% for sales service customers in all rate zones when the October 1, 2021 QRAM is prepared. Enbridge Gas is planning to include a plan to mitigate the increase to an acceptable level with the October 1, 2021 QRAM application.<sup>1</sup> As a result of planned mitigation, customer bill impacts will be less than the impacts referenced in this letter.

### **Background**

In its QRAM Review Decision (EB-2014-0199), dated August 14, 2014, the OEB determined that it:

---

<sup>1</sup> Less than 25% and 10% for the commodity and total bill of a typical residential customer, respectively.

...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.<sup>2</sup>

In accordance with the Decision, Enbridge Gas prepared an August 2021 estimate of the October 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 increase for a typical residential customer in the EGD, Union North West and Union North East rate zones to be between \$63 and \$78, or between 27% and 30%.<sup>3</sup> This increase is primarily driven by the forecast cost of natural gas supply.

### Cost Drivers of the Commodity Bill Impacts

Of the estimated bill impact for a typical residential customer, the cost drivers are:

1. Increases related to the market price of natural gas, and
2. Increases related to the Purchase Gas Variance Accounts ("PGVA") riders.

#### *1. Increase in the market price of natural gas*

The price used to set the gas commodity rate is forecast for October 1, 2021 to September 30, 2022 and is expected to increase between \$0.564/GJ and \$0.707/GJ from the prices approved by the Board in the July 2021 QRAM. The annual bill impact for an average residential sales service customer is an increase of \$53 to \$61, depending on the customer's location.

#### *2. Increases in the Purchased Gas Variance Account ("PGVA") Riders*

The October 1, 2020 PGVA riders are credit riders that expire with the October 1, 2021 QRAM. The impact of the expiring credit rider is added to the impact of the PGVA rider determined for the October 1, 2021 QRAM. The annual bill impact for an average residential sales service customer in all rate zones is an increase of \$8 to \$26, depending on the customer's location.

---

<sup>2</sup> EB-2014-0199, Decision and Order, August 14, 2014, pp. 4-5.

<sup>3</sup> A typical residential customer bill impact for the EGD and Union rate zones is based on annual consumption of 2,400 m<sup>3</sup> and 2,200 m<sup>3</sup>, respectively.

### Total Bill Impacts

In addition to the commodity-related impacts described above, the October 1, 2021 QRAM will also reflect non-commodity related QRAM changes and the approved dispositions of 2019 Deferrals (EB-2020-0134) and 2019 DSM Deferrals (EB-2021-0072).

Please refer to Table 1 for detailed bill impacts by rate zone.

Table 1  
October 1, 2021 QRAM Estimate

Line No.	Particulars	Commodity Bill Impact by Rate Zone (\$)			
		EGD (a)	Union North West (b)	Union North East (c)	Union South (d)
	<u>Commodity Bill Impacts</u>				
1	Gas Commodity Reference Price	53	54	61	61
2	PGVA Riders	26	8	13	10
3	Total Commodity Bill Impact	78	63	74	71
4	Approved Commodity Bill - July QRAM	257	234	263	291
5	Commodity Bill Impact (%)	30%	27%	28%	24%
		Total Bill Impact by Rate Zone (\$)			
	<u>Total Bill Impacts</u>	EGD	Union North West	Union North East	Union South
6	QRAM Non-Commodity Imapcts	12	(1)	2	-
7	2019 DSM Deferrals	7	1	1	8
8	2019 Annual Deferrals	(3)	(51)	(8)	1
9	Total Other Rate Changes	16	(51)	(5)	9
10	Total Bill Impact (line 3 + 9)	94	11	69	80
11	Approved Total Bill - July QRAM	834	1,047	1,094	876
12	Total Bill Impact (%)	11%	1%	6%	9%

### 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.<sup>4</sup>

Enbridge Gas plans to communicate the expected bill increases, which after mitigation will be less than 25% of the commodity portion of a typical residential customer's bill, effective October 1, 2021 to general service customers using the following methods:

- Enbridgegas.com – a message on the homepage and a dedicated information page with FAQ's for both residential and small business customers.
- IVR messaging – customers will hear a message about upcoming rate changes when they call the contact centres in October 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 October 1, 2021 QRAM application on September 10, 2021.

If you have any questions, please contact the undersigned.

Yours truly,

Richard Wathy  
Technical Manager, Regulatory Applications

c.c.: All Interested Parties EB-2008-0106, EB-2018-0305 & EB-2020-0095

---

<sup>4</sup> EB-2014-0199, Decision and Order, August 14, 2014, p 5.