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Enbridge Gas Inc.
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VIA RESS and EMAIL

September 17, 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 1, 2021
Quarterly Rate Adjustment Mechanism (QRAM) Application**

On September 10, 2021, Enbridge Gas filed the October 1, 2021, QRAM application with the Ontario Energy Board (OEB). Enbridge Gas has received a letter from Canadian Manufacturers & Exporters (CME) and has no objection to approval of the application as filed.

Enbridge Gas has received questions from the Federation of Rental-housing Providers of Ontario (FRPO) and from the Industrial Gas Users Association (IGUA). Enclosed please find the responses of Enbridge Gas to the questions received.

Should you have any questions on this matter please contact the undersigned at 519-365-5376.

Sincerely,

Richard Wathy
Technical Manager, Regulatory Applications

cc: Tania Persad, Enbridge Gas
All Interested Parties EB-2008-0106, EB-2019-0194, EB-2020-0095, &
EB-2020-0181

ENBRIDGE GAS INC.

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario (FRPO)

Interrogatory

Reference:

Exhibit A, Tab 2, Schedule 2, pg. 3 including Table 1 and
EB-2020-0134 Exhibit I.FRPO.26, Attachment 1

Preamble:

EGL evidence provides:

“The increase in the total bill is a factor of the QRAM price increases and other approved rate changes effective October 1, 2021 including: the addition of the 2019 deferral and variance account disposition and the 2019 DSM deferral and variance account disposition impacts.”

Question:

We would like to understand the impact of the proposed changes on a wholistic basis including other dispositions.

Please provide a matrixed table showing all of the respective proposed, pending, and approved dispositions for each of general rate classes by month starting October 1, 2021 through September 20, 2022 similar to FRPO. 26 referenced above.

- i) Please show the duration of the disposition through each month to allow an understanding of wholistic bill impact.
- ii) Please provide a total impact at the bottom of each column representing the individual rate zones.

Response:

- i) Please see Attachment 1.
- ii) Enbridge Gas has provided the total bill impact for typical residential customers in individual rate zones as at October 1, 2021 at Exhibit A, Tab 3, Schedule 1. The

schedule includes October 1, 2021 QRAM impacts as well as the clearance of 2019 DSM Deferrals and 2019 Utility Earnings and Disposition of Deferral and Variance Account Balances proceedings (EB-2021-0072 and EB-2020-0134, respectively) and the reversal of prospective recovery of 2017 & 2018 DSM Deferrals (EB-2020-0067) expiring September 30, 2021.

ENBRIDGE GAS INC.
Forecast Timing of Rate Changes and Deferral and Variance Account Disposition

Line No.		Residential Customer Impact (1)				Forecast Effective Date	Customer Type	Proposed Deferral and Variance Account Disposition		Timing											
		EGD	Union South	Union North West	Union North East			Account Disposition		2021			2022								
								Method	Period	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)
<u>Approved Rate Changes</u>																					
1	2019 Deferrals	(3.44)				Oct-21	All customers	One-time adjustment	One month												
2			0.58	(50.95)	(8.45)	Oct-21	Union general service	Prospective	Three months												
3	2019 DSM Deferrals	7.38	7.99	0.80	0.80	Oct-21	All customers	One-time adjustment	One month												
<u>Proposed Rate Changes</u>																					
4	October 2021 QRAM (2)	81.22	70.40	57.22	68.76	Oct-21	All applicable customers	Prospective	12 months												
5	2022 Rates - Phase One	7.76	8.71	10.55	11.42	Jan-22	All customers	N/A	N/A												
<u>Proposed Deferral and Variance Account Disposition</u>																					
6	2020 Deferrals	(5.30)	7.97	(30.08)	7.26	Jan-22	All customers	One-time adjustment	One month												
<u>Upcoming Applications</u>																					
7	2022 QRAM (2)	-----	TBD	-----		Jan-22 (3)	All applicable customers	Prospective	12 months												
8	2022 Federal Carbon	-----	TBD	-----		Apr-22	All customers	N/A	N/A												
9	2020 Federal Carbon Deferrals	-----	TBD	-----		Apr-22	All customers	One-time adjustment	TBD												
10	2022 Rates - Phase Two	-----	TBD	-----		TBD	All customers	N/A	N/A												

Notes:

- (1) Based on annual consumption of 2,400 m³ for the EGD rate zone and 2,200 m³ for the Union rate zones. Customer impact for sales service customers represent annual amounts, customer impact for deferral and variance account disposition represent temporary billing adjustment amounts.
- (2) Includes the difference between our forecast costs and the actual costs from prior periods, and is applicable to customers for which Enbridge Gas manages gas supply and/or transportation and storage needs.
- (3) Effective January 1, 2022 and each subsequent QRAM (April, July, and October).

ENBRIDGE GAS INC.

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario (FRPO)

Interrogatory

Reference:

Exhibit A, Tab 2, Schedule 2, pg. 5

Preamble:

We would like to understand the source of the PGVA Rate Mitigation Credits.

Question:

What is the source of the funds that will providing the respective Credits?

Response:

The PGVA credits totaling \$173 million included as part of the proposed rate mitigation plan will be reflected in the respective PGVA balance until cleared to ratepayers.¹ The impact to cash flow during the October to December 2021 time period as a result of the PGVA credits will be managed by the Company.

Enbridge Gas will propose to include a PGVA debit of \$173 million to clear to customers with the January 1, 2022 QRAM to recover the cost of the PGVA credit not recovered with the current QRAM application.

¹ The total PVGA credits of \$173 million is made up of \$105 million for the EGD rate zone, \$50 million for the Union South rate zone, \$15 million for the Union North East rate zone and \$3 million for the Union North West rate zone.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario (FRPO)

Interrogatory

Reference:

Exhibit A, Tab 2, Schedule 2, pg. 5

Preamble:

We would like to understand the source of the PGVA Rate Mitigation Credits.

Question:

Please provide any past precedents where EGI or its legacy companies used such a system for rate mitigation.

- a) Did EGI consider other rate change mitigation measures including lengthening the recovery period?
 - i) For each mitigation alternative, please describe why it was not proposed.

Response:

Enbridge Gas used a similar approach to rate mitigation as part of the October 2020 QRAM (EB-2020-0195) where the Company proposed a 2.0000 ¢/m³ credit to the commodity price adjustment of Union North West rate zone customers for the October 1, 2020 to December 31, 2020 time period. The commodity price adjustment credit was proposed in order to mitigate the total bill impact for these customers at that time.

The October 2020 rate mitigation proposal for the Union North West total bill impact is similar to the proposed rate mitigation plan for the commodity bill impact.

- a) Yes, Enbridge Gas did consider other commodity bill impact mitigation measures including:
 - i. Extending the disposition for the current QRAM to a 24-month period consistent with the rate mitigation approach for legacy EGD in EB-2014-0199. This alternative was rejected because it resulted in insufficient rate mitigation as the commodity bill increases were largely a result of the impact on the PGVA reference prices from the gas cost

forecasts or expiring PGVA unit rate riders and not from current variance account balances.

- ii. Manual adjustments to the forecast 21-day strip ending August 31, 2021 such as a) placing a maximum on the daily price in the 21-day strip calculation, and b) reducing the forecast by a common percentage. These alternatives were rejected due to the preference to maintain the market price signals created by gas cost forecast as well as the effect the manual adjustments would have on the basis differential between natural gas supply points and the impact on the setting of EGD rate zone transportation and load balancing charges.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario (FRPO)

Interrogatory

Reference:

Exhibit A, Tab 2, Schedule 2, pg. 7

Preamble:

We would like to understand how EGI intends to communicate the nature of this mitigation and the impact on customer bills.

Question:

Please provide the key messages that EGI intends to communicate in the respective communication channels specifically Enbridgegas.com and IVR.

- a) Please provide the FAQ questions and responses that will be provided.
 - i) If these FAQ's are not available at the time of response to these questions, please indicate if EGI would provide this information to the Board, its call centre and to interested stakeholders in rates proceedings.
 - (1) If not, why not including what is EGI alternative plan?

Response:

Enbridge Gas will inform customers through Enbridgegas.com and IVR that the OEB has approved changes to our natural gas rates as of October 1, 2021. Both messages will direct the customer to Enbridgegas.com/rates where the customer can input their postal code to see the applicable customer notice for their rate zone which details the rate change at October 1, 2021.

- a) Please see Attachment 1 for a draft of the October 1, 2021 QRAM FAQ's.

Frequently Asked Questions about Rate Changes

October 1, 2021

The Ontario Energy Board (OEB) has approved changes to the rates Enbridge Gas Inc. charges its customers effective Oct. 1, 2021. These new rates remain in effect through Dec. 31, 2021 and include applicable temporary charges and credits.

Please visit our [residential rates](#) or [business rates](#) sections to view the rates specific to your location.

For your home - Are my rates changing?

Yes, on Oct. 1, 2021, Enbridge Gas changed the rates our customers pay. Details for the most recent rate change include:

- An increase in the price we expect to pay to buy natural gas supplies in the coming year.
- Increases in the delivery, transportation, and storage charges to update our forecasted costs to provide services in the coming year.
- Price/cost adjustments for the difference between our forecast costs and the actual costs from prior periods.

The overall impact of these changes will depend on how much gas you use and whether or not you purchase your gas from a gas marketer.

Enbridge Gas buys natural gas and gas transportation services for our customers from the market and we pass these costs to you without mark-up. Delivery rates (and storage rates in the Union rate zones) are reviewed and approved by the OEB, which conducts an open review process with participation from consumer groups and Ontario municipalities.

Please visit our [residential rates](#) section to view the rates specific to you and the area where you live.

For your business - Are my rates changing?

Yes, on Oct. 1, 2021, Enbridge Gas changed the rates our customers pay. Rate changes include:

Rate M2	Rate 10	Rate 6
<ul style="list-style-type: none"> Increases in the gas commodity and delivery rates, and Price/cost adjustments from prior periods. 	<ul style="list-style-type: none"> Increases in the gas commodity, delivery, transportation, and storage rates, and Price/cost adjustments from prior periods. 	<ul style="list-style-type: none"> Increases in the gas commodity, delivery and transportation rates, and Price/cost adjustments from prior periods.

The overall impact of these changes will depend on how much gas you use and whether or not you purchase your gas from a gas marketer.

Enbridge Gas buys natural gas and gas transportation services for our customers from the market and we pass these costs to you without mark-up. Delivery rates (and storage rates in the Union rate zones) are reviewed and approved by the OEB, which conducts an open review process with participation from consumer groups and Ontario municipalities.

Please visit our [business rates](#) section to view the rates specific to you and your location.

What are the different charges on my bill?

Gas costs - Gas commodity costs include information on the “Gas Supply Charge” and “Gas Price Adjustment” or “Gas Cost Adjustment” lines on your bill, depending on your location. The net natural gas rate reflects what we expect to pay for gas supplies and transportation services during the next year as well as any adjustments to make up the difference between our forecast cost for gas and actual costs from prior periods. Also, in the Union South rate zone (Rate M1 and M2), the cost of transportation to Ontario is included in the “Gas Supply Charge” and therefore there is no longer a separate “Transportation to Enbridge” line item on customer bills.

Transportation costs - Transportation costs include all information on the “Transportation to Enbridge” and “Transportation Price Adjustment” lines on your bill, depending on your location, and reflect the cost of transporting natural gas into Ontario from its North American sources.

Transportation costs vary depending on where you live due to changing fuel prices, pipeline tolls and available capacity on pipelines serving different parts of Ontario. For

customers in the Union South zone (Rate M1 and M2), the transportation cost is included in the “Gas Supply Charge” line on your bill.

Delivery costs - Delivery costs include information on the “Delivery to You” and/or “Delivery Price Adjustment” lines on your bill, depending on your location, and reflect the cost of delivering natural gas to your home or business as well as an adjustment to make up the difference between our forecast and actual delivery rates from prior periods, through our safe and reliable distribution system. This charge also includes a facility carbon charge associated with the operation of Enbridge Gas’ facilities to deliver natural gas to you.

Storage costs (for Union rate zone customers) – Storage costs include information on the “Storage Charge” and “Storage Price Adjustment” lines on your bill and reflect the cost of storing natural gas so it is available when you need it.

Customer Charge – The customer charge partially covers the cost of maintaining a safe and reliable natural gas distribution system. It includes things like meter reading, customer services and 24-hour emergency response.

Federal Carbon Charge – The federal carbon charge is 7.83 cents per cubic meter of natural gas. This charge increases annually each April. All of the money collected for this charge goes to the federal government. Visit our [federal carbon charge](#) page for more information.

Charges from Other Companies - Enbridge Gas provides a billing service to other companies that offer energy-related products and services. These companies are not owned by or affiliated with Enbridge Gas. If you decide to buy a product or service from a participating company, the charges will appear on the section of your bill called Charges from Other Companies. Enbridge Gas does not recommend, endorse or guarantee the products or services offered by such companies.

What is the federal carbon charge on my bill?

As part of the federal government's carbon pollution pricing program, a carbon charge applies to fossil fuels sold in Ontario, including natural gas. The current federal carbon charge for the natural gas you use is **7.83 cents per cubic metre (m3)**, increasing annually each April. This excludes facilities that are registered in the output-based pricing system and hold an exemption certificate issued by the federal government.

There is also a facility carbon charge included in the delivery or transportation charge on your bill. This charge is associated with the costs to operate Enbridge Gas' facilities.

For the average Ontario household, the federal carbon charge accounts for approximately \$172-\$188 of your annual natural gas bill, depending on your location.

All of the money that we collect for the federal carbon charge goes to the federal government. Learn more about the [federal carbon pollution pricing program](#) from the Government of Canada.

Why does Enbridge Gas Inc. change the rates customers pay for natural gas?

Enbridge Gas buys natural gas supplies from the market and we pay other pipelines to transport the gas supply from where it is produced in Western Canada and the U.S. into our distribution system in Ontario. We adjust the rates we charge our customers for these items quarterly to reflect changes in market prices, which are passed on to our customers without mark-up. In addition, there are adjustments for the difference between our forecast for natural gas and natural gas transportation market prices, storage and distribution costs and the actual costs from prior periods.

Why do costs differ for different parts of the province?

Different areas of the province are served by a different mix of natural gas transportation pipelines and gas supply sources, and as such, the costs for Enbridge Gas to buy gas supplies and transportation services from the market, vary by location. In addition, the costs to build and maintain a distribution pipeline system varies by the geographic location for several reasons including different soil conditions (e.g. rockier soil in the north), population density and the distance between homes/businesses and the need for and timing of infrastructure expansions and maintenance. These costs differences are reflected in the four geographically based rate zones.

How often does Enbridge Gas change its rates?

You'll see two general types of natural gas rate changes during the calendar year. The first type occurs quarterly, on the first of January, April, July and October, to reflect changes in what Enbridge Gas expects to pay for gas commodity and transportation services, as well as differences between forecast and actual costs for prior periods. This is shown as a change in the gas commodity and transportation rates on your bill and may also appear as a small change in delivery rates as Enbridge Gas also uses natural gas to power our delivery system. These changes, which are passed through to you without mark-up, help ensure that you're billed at a rate that closely reflects the expected market price of gas.

The second type of rate change occurs annually and reflects the overall costs to run a safe and reliable natural gas distribution system. On your bill, this may appear as a

change in the delivery, storage or the customer charge, depending on your location.

All rate changes are approved by the OEB.

How will this rate change impact equal monthly payment plan (EMPP) customers?

EMPP spreads your yearly natural gas costs into monthly payments to avoid fluctuating bills with the seasons, making it easier on your budget. We take your gas use history, expected gas rates and weather forecasts to estimate your yearly gas use. We then divide your estimated yearly gas use into 12 installment payments. Your bill every month is your installment payment as well as any Charges from other Companies. We'll review your plan periodically to make sure you're on track and adjust your installment amount if needed. Any cost difference will appear on your end of plan bill.

How does this rate change impact customers who buy natural gas from an energy marketer?

If you buy natural gas and/or transportation services from an energy marketer, the price you pay for your gas supplies depends on the terms of the contract and is excluded from this rate change. If you have questions about their charges, please contact them directly at the number found on your bill. For other services purchased from Enbridge Gas (natural gas transportation, storage and delivery), residential customer rate changes depend on your location.

Why are there temporary price / rate adjustments?

Temporary price/rate adjustments refund or collect the difference between the amount customers paid for energy conservation programs (DSM) from Jan. 1 to Dec. 31, 2019 and the actual costs incurred, and the clearance of 2019 deferral and variance account balances. For the EGD rate zone these will appear as one-time rate adjustment on customer's October bills. For Union rate zones, these adjustments will appear on customers' October to December bills.

Why are there cost adjustments for gas, transportation, storage, and distribution?

The rates we charge customers for natural gas and gas transportation services are based on a forecast of the prices we expect to pay to buy these items from the market. The actual market costs can differ from our forecasts and adjustments are made quarterly (Jan. 1, April 1, July 1 and Oct. 1) to either refund or collect the difference so that you only pay the actual costs for these services and nothing more. These costs are passed on to customers without any mark-up.

I noticed the same line twice on my bill. Am I being billed twice?

No, the billing period doesn't begin and end on the first and last days of each month but covers a period of approximately one month beginning and ending at approximately the same time in the month. Natural gas consumption for the period prior to a rate change is billed at the old rate and gas consumption after a rate change is billed at the new rate. The number of days at each rate depends on the monthly billing cycle of your account.

What can customers do to keep their natural gas costs manageable?

Natural gas is the best value for your energy dollar at about half the cost of electricity, oil or propane. In addition, an abundant North American supply of natural gas is expected to keep prices comparatively low for years to come. Enbridge Gas is committed to helping homes and businesses manage their gas bills.

For your home:

Use energy efficiently. Reducing your natural gas use can help keep your bills lower. For example, reducing your hot water use by only running the dishwasher when it's full, doing laundry with cold water and taking shorter showers can help keep bills lower. Energy efficiency can also help you lower emissions and emission related costs.

Enbridge Gas offers a range of energy-conservation information and programs that can help you lower your natural gas use and save money. For example, through the [Home Efficiency Rebate Program](#), consumers could be eligible for up to \$5,000 in renovation rebates. See [our other upgrade and rebate programs](#).

If you have concerns about paying your bill, support is available:

- **Enhanced payment plans.** If more time is needed to pay a balance, you can [arrange to make installment payments](#) against a balance and avoid late payment fees and disconnection.
- **Low Income Energy Assistance Plan (LEAP).** Low-income customers having trouble paying their bill may qualify for emergency relief through LEAP. The program provides emergency relief with a one-time financial grant of up to \$500 for eligible low-income customers. Customers can visit the [United Way Simcoe Muskoka](#) website for qualification information.

For your business:

We understand that this is a challenging time for businesses who may be facing financial challenges as a result of COVID-19.

Enbridge Gas offers enhanced payment plans for customers who have concerns about their ability to pay their utility bill which will allow them to make smaller payments over time until the amount owing is repaid, and late fees will be waived during the repayment period. More information is available at enbridgegas.com/covid19.

Conservation is one of the best long-term ways to reduce energy costs. We understand that to stay competitive you need to closely monitor your ongoing energy use, invest in energy efficiency, and take advantage of valuable rebates and incentives. Enbridge Gas provides a range of tools and education to give consumers and businesses the power to take control and [manage their energy use](#).

ENBRIDGE GAS INC.

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario (FRPO)

Interrogatory

Reference:

Exhibit B, Tab 4, Schedule 1, pg. 2-3, Exhibit C, Tab 1, Schedule 1 and
Exhibit C, Tab 4, Schedule 3, pg. 1

Preamble:

EGI evidence provides in the first reference:

“For rate design purposes within the EGD rate zone, Enbridge Gas uses the Empress reference price inclusive of fuel to determine the variable unit rate for costing its commodity purchases and receipts. The change in the Empress reference price from July 1, 2021 (\$116.3153 /10³m³) to October 1, 2021 (\$147.1678/10³m³) is an increase of \$30.5525/10³m³. These costs are recovered from system gas customers in the EGD rate zone through the gas supply commodity charge which will increase from 11.8074 ¢/m³ to 14.9222¢/m³ for the October 1, 2021 QRAM. As stated above, the total PGVA reference price increased by \$38.618/10³m³. Given that the Empress reference price increased by \$30.5525/10³m³, the basis differential between the PGVA and Empress reference price has increased which results in an increase in transportation and load balancing related cost.

We would like to understand the equity associated with applying basis differential increases to the transportation cost borne by customers especially those who purchase their own commodity.

Question:

Please confirm that EGI did not experience any transportation increase to the EGD Rate zone as depicted in the second above reference.

Response:

Confirmed. EGI did not experience any increase in transportation tolls to the EGD rate zone. Small changes to Exhibit C, Tab 1, Schedule 1 lines 10.13 and 10.14 between the July and October QRAM are related to the change in FX rate, which is only applicable to the transportation paths on those lines.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario (FRPO)

Interrogatory

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We would like to understand the equity associated with applying basis differential increases to the transportation cost borne by customers especially those who purchase their own commodity.

Question:

Please confirm that EGI is proposing an 11.8% increase in the Gas Supply Transportation rate in the third reference.

Response:

Confirmed.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario (FRPO)

Interrogatory

Reference:

Exhibit B, Tab 4, Schedule 1, pg. 2-3, Exhibit C, Tab 1, Schedule 1 and
Exhibit C, Tab 4, Schedule 3, pg. 1

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EGI evidence provides in the first reference:

“For rate design purposes within the EGD rate zone, Enbridge Gas uses the Empress reference price inclusive of fuel to determine the variable unit rate for costing its commodity purchases and receipts. The change in the Empress reference price from July 1, 2021 (\$116.3153 /10³m³) to October 1, 2021 (\$147.1678/10³m³) is an increase of \$30.5525/10³m³. These costs are recovered from system gas customers in the EGD rate zone through the gas supply commodity charge which will increase from 11.8074 ¢/m³ to 14.9222¢/m³ for the October 1, 2021 QRAM. As stated above, the total PGVA reference price increased by \$38.618/10³m³. Given that the Empress reference price increased by \$30.5525/10³m³, the basis differential between the PGVA and Empress reference price has increased which results in an increase in transportation and load balancing related cost.

We would like to understand the equity associated with applying basis differential increases to the transportation cost borne by customers especially those who purchase their own commodity.

Question:

Will that Transportation increase be visited upon direct purchase customers who provide their gas at the Empress delivery point?

- a) If so, if EGI transportation rates have not gone up, how is it equitable for direct purchase customers to pay a rate increase that is a result of EGD rate zone ratemaking that uses Empress as a reference price. Please explain in detail.

Response:

Yes, EGD rate zone direct purchase customers who provide Mean Daily Volume (MDV) deliveries at Empress (Western T-service) pay the transportation charges as the Company provides transportation service to the franchise area on their behalf using its diverse transportation portfolio. Note that direct purchase customers also have a choice to provide their own commodity and transportation to the franchise area and can elect to be an Ontario T-Service customer and therefore not pay the transportation rate.

The EGD rate zone cost allocation and rate design methodology for pricing its commodity, transportation and load balancing services has been in place (since 2005) and reviewed for many years. The methodologies reflect the EGD rate zone gas supply portfolio and operational characteristics. The methodology was reviewed with stakeholders most recently in the Ontario Landed Reference Price consultation and reported to the OEB in EB-2017-0086 at Exhibit H1, Tab 2, Schedule 2.

As outlined at Exhibit B, Tab 4, Schedule 1, the Company uses the Empress price inclusive of fuel as a reference price to design / set its gas supply charge. The cost of gas supply commodity is recovered from system gas customers through the Company's gas supply charge.

Any price premium or discount for gas supplies purchased at other supply hubs over the Empress reference price are classified as transportation (i.e. deemed transportation costs) and, in the case of delivered supplies, also to load balancing. For the October 1, 2021 QRAM, the price differential premium is resulting in an increase to the deemed transportation costs which are recovered through transportation charges from sales and Western T-service customers (i.e. Enbridge provides same transportation service to both sales and Western T-service customers). If the price differential were a discount relative to the Empress price, this would have resulted in a reduction to the transportation rate for sales and Western T-service customers.

Enbridge Gas contracts for upstream capacity on a number of transportation paths such as TCPL, Vector and Nexus to transport gas supplies from the various market hubs to its franchise area. This allows Enbridge Gas to achieve diversity and reliability of its transportation portfolio, which benefits both sales and Western T-service customers.

To summarize, transportation charges sales and Western T-service customer pay for transportation service are a function of the cost of upstream capacity (i.e. transportation tolls) that is contracted at 100% load factor to meet annual average demand for sales (i.e. System) gas, Western T-Service and deemed transportation costs as described above.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Industrial Gas Users Association (IGUA)

Interrogatory

Reference:

Ex A/T2/S2/page 5/para.15:

Preamble:

In respect of EGI's rate mitigation proposal, we note EGI's statement [ExA/T2/S2/page 5/para.15]:

Including the PGVA credit amounts in the PGVA account balances allows Enbridge Gas to use the forecast for gas costs in the derivation of the commodity rate. This allows the rate to reflect market prices in customers' rates and is consistent with the OEB's findings in the QRAM Review:

The QRAM is intended to strike a balance between ensuring that consumers are receiving appropriate price signals which reflect the actual natural gas market price, and protecting the interests of system supply customers by reducing, to some extent, volatility in the price of natural gas.

Question:

We assume, **and would ask EGI to confirm**, that the mechanism proposed is to allow the commodity cost reflected on customer bills to increase to the level dictated by use of the QRAM prescribed forecast, but adding a component to the commodity rate riders to reflect the PGVA credit which, to some extent, offsets the bill increase resulting from the gas price forecast and thus mitigates customer impacts.

Response:

Confirmed.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Industrial Gas Users Association (IGUA)

Interrogatory

Reference:

Ex A/T2/S2/page 5/para.16

Preamble:

EGI further states in its evidence in the current application [ExA/T2/S2/page 5/para.16]:

The PGVA credit amounts in the current application provides a smoothing of bill increases for customers over a longer period of time and reduces potential balances that would otherwise accumulate in deferral and variance accounts for future disposition without any price increase at October 1, 2021.

Question:

We assume, **and would ask EGI to confirm**, that this passage refers to the net result of using the prescribed gas cost forecast and the PGVA credit which is to allow customer bills to increase in part at this time, and further when in the January, 2022 QRAM EGI proposes to debit the PGVA to reverse the PGVA credit currently proposed. That is, the gas cost increase is, in the result and through the proposed current credit/later debit mechanism, effectively phased in through two tranches.

Response:

Confirmed.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Industrial Gas Users Association (IGUA)

Interrogatory

Reference:

Ex A/T2/S2/page 5/para.16

Preamble:

EGI further states in its evidence in the current application [ExA/T2/S2/page 5/para.16]:

The PGVA credit amounts in the current application provides a smoothing of bill increases for customers over a longer period of time and reduces potential balances that would otherwise accumulate in deferral and variance accounts for future disposition without any price increase at October 1, 2021.

Question:

IGUA would also appreciate confirmation from EGI that it is proposing that each of the currently proposed PGVA credit and the anticipated January PGVA debit components of the EGD Gas Cost Adjustment Rider and the Union Price Adjustment-Commodity and Fuel would expire 12 months following their respective implementation (i.e. October, 2022 for the currently proposed credit and January, 2023 for the anticipated debit).

Response:

Confirmed. Enbridge Gas has not proposed and does not expect to propose (in the January 2022 QRAM) to adjust the 12-month time period for disposition of the PGVA balances including the impact to the PGVA balances associated with the rate mitigation plan.