



EPCOR Natural Gas Limited Partnership

2022 Federal Carbon Pricing Program

EB-2021-0268

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ONTARIO ENERGY BOARD

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

AND IN THE MATTER OF an Application by EPCOR Natural Gas Limited Partnership for an Order under section 36(1) of the Act for an order or orders for rates to recover costs resulting from the *Greenhouse Gas Pollution Pricing Act*, S.C. 2018, c. 12, s. 186.

APPLICATION of EPCOR NATURAL GAS LIMITED PARTNERSHIP

Background

1. The Applicant is EPCOR Natural Gas Limited Partnership (“EPCOR”), an Ontario limited partnership with offices in the Town of Aylmer and Kincardine. It carries on the business of selling and distributing natural gas within the province of Ontario. EPCOR is a wholly owned indirect subsidiary of EPCOR Utilities Inc. (“EUI”). The general partner of EPCOR is EPCOR Ontario Utilities Inc., an Ontario corporation, which is a subsidiary of EUI and the sole limited partner is EPCOR Commercial Services Inc., an Alberta corporation. EPCOR was formed pursuant to a limited partnership agreement which provides that EPCOR Ontario Utilities Inc., as general partner, will control and have the full and exclusive power, authority and responsibility for the management and day-to-day operations of EPCOR. In accordance with the limited partnership agreement, EPCOR Commercial Services Inc., as limited partner, has an economic interest in the partnership but does not control or otherwise play a role in the day-to-day operations and management of EPCOR.
2. ENGLP provides natural gas distribution services to over 9000 customers in the Aylmer area in the Townships of Malahide and South-West Oxford; Municipalities of Bayham, Thames Centre and Central Elgin; and Norfolk County. ENGLP is also developing a greenfield natural gas distribution utility (“South Bruce”) to service the Municipality of Arran-Elderslie, the Municipality of Kincardine and the Township of Huron-Kinloss and currently has approximately 1500 customers connected.

3. This application is filed by ENGLP in order to recover costs associated with the Federal Carbon Pricing Program (“FCPP”) pursuant to the *Greenhouse Gas Pollution Pricing Act* (the “GGPPA”). Among other things, the GGPPA applies a charge, by volume, on certain types of fuel and combustible waste, including marketable natural gas, effective April 1, 2019 (the “Fuel Charge”).
4. ENGLP is a registered distributor pursuant to section 55(1) of the GGPPA. As a registered distributor, ENGLP is required to report volumes of fuel delivered to customers or used by the distributor and remit the Fuel Charge for such volumes on a monthly basis to the CRA. The account number assigned to ENGLP by the Canada Revenue Agency (“CRA”) is 74396 8299 CT0001.
5. The GGPPA is composed of two key parts: (1) the Fuel Charge applied on 21 types of fuel and combustible waste, which is administered by the CRA; and (2) an output-based pricing system (“OBPS”) for industrial facilities, which is administered by Environment and Climate Change Canada (“ECCC”). On September 21, 2020, the Province of Ontario announced that the federal government accepted Ontario’s carbon pricing system for industrial emitters, known as the Ontario Emissions Performance Standards (“EPS”) program, as an alternative to the federal OBPS. On March 29, 2021, the federal government announced that effective January 1, 2022 the EPS will replace the OBPS in Ontario, effective January 1, 2022. The GGPPA was amended on September 1, 2021 to remove Ontario from Part 2 of Schedule 1 of the GGPPA enabling the EPS to take effect in Ontario. As was the case with the OBPS, the EPS does not apply to ENGLP’s facilities or assets. However, the Fuel Charge will apply to natural gas volumes sold or used by ENGLP.
6. ENGLP has obtained a Fuel Charge Exemption Certificate from the CRA and has provided a copy to its supplier of natural gas, Enbridge Gas Distribution Inc. (“Enbridge”). Pursuant to section 17(2) of the GGPPA, this Certificate exempts ENGLP from the Fuel Charge applicable to volumes of natural gas sold by Enbridge to ENGLP.
7. As a result of the GGPPA, ENGLP will incur the following costs:
 - a) Incremental administration costs;

- b) Customer-related Fuel Charge costs which ENGLP will be required to pay under the GGPPA for volumes delivered by ENGLP to its residential, commercial and industrial customers who have not provided ENGLP with a Fuel Charge Exemption Certificate, along with any resulting increase to financing costs; and
- c) Facility-related costs arising from ENGLP's facilities and operation of its gas distribution system, along with any resulting increase to financing costs.

Approvals Requested

- 8. Accordingly, ENGLP applies to the Ontario Energy Board ("OEB") pursuant to section 36(1) of the OEB Act for:
 - a) an Order or Orders allowing ENGLP to charge customers a fuel charge on a volumetric basis, in the amount of the Fuel Charge required to be paid pursuant to the GGPPA, effective April 1, 2022;
 - b) an Order approving or fixing just and reasonable rates, effective April 1, 2022, to allow ENGLP to recover Facility-related costs associated with compliance with the GGPPA; and
 - c) such further Order or Orders as ENGLP may request and the OEB may deem appropriate or necessary.
 - d) a request of the disposition of the following variance account balances ("DVAs") as of December 31, 2020:
 - i. Greenhouse Gas Emissions Administration Deferral Account ("GGEADA");
 - ii. Federal Carbon Charge – Customer Variance Account ("FCCCVA"); and
 - iii. Federal Carbon Charge – Facility Variance Account ("FCCFVA").
- 9. EPCOR respectfully requests issuance of a decision and order in this proceeding by March 15, 2022, to ensure the implementation of the 2022 rates in advance of the effective date. In the event that the OEB does not issue a decision and rate order by March 15, 2022, EPCOR requests that the OEB issue an interim rate order declaring the current distribution rates as interim until the decided implementation date of the approved 2021 distribution rates.

10. This application is supported by written evidence filed with this application, which may be amended from time to time.
11. The persons affected by this application include all of ENGLP's residential, commercial and industrial customers.
12. EPCOR requests that the OEB's review of this application proceed by way of written hearing in English.

Address for Service:

13. ENGLP requests that copies of all documents filed with the OEB in connection with this proceeding be served as follows:

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Dated at Collingwood, Ontario this 4th day of November, 2021.

14. The evidence filed in support of this application does not include any personal information (as that phrase is defined in the Freedom of Information and Protection of Privacy Act), that is not otherwise redacted in accordance with rule 9A of the OEB's Rules of Practice and Procedure.

EPCOR NATURAL GAS LIMITED PARTNERSHIP
by its general partner **EPCOR ONTARIO UTILITIES INC.**



Tim Hesselink,
Senior Manager, Regulatory Affairs

OVERVIEW

15. The purpose of this evidence is to summarize EPCOR Natural Gas Limited Partnership's ("ENGLP") application for just and reasonable rates for its Aylmer and South Bruce operations to recover the costs associated with the federal *Greenhouse Gas Pollution Pricing Act*, S.C. 2019, c. 12, s. 186 (the "GGPPA") as a pass-through to customers.
16. The evidence is organized as follows:
 - a) Overview
 - b) Anticipated Costs of Compliance
 - c) Cost Recovery
 - d) Bill Impacts
17. ENGLP was last approved for Federal Carbon Pricing Plan (FCPP) rates effective April 1, 2021, which included the final disposition of December 2019 DVA balances as part of combined hearing EB-2020-0076 and EB-2020-0231.
18. As Aylmer and South Bruce have separate tariffs and rate structures, costs and cost recovery have been presented separately including disposition of deferral and variance accounts.

Background: the *Greenhouse Gas Pollution Pricing Act*

19. The GGPPA received Royal Assent on June 21, 2018. The purpose of the GGPPA is to impose a carbon pricing mechanism in provinces or territories where no such carbon pricing mechanism (e.g., a cap-and-trade system or carbon tax) has been put into place or where such mechanism does not meet national criteria. On October 23, 2018, the Government of Canada deemed Ontario to be a "listed province" that is subject to the GGPPA's carbon pricing mechanism.
20. The federal carbon pricing scheme implemented by the GGPPA features two main elements:
 - a) A charge applied to fossil fuels, generally paid by registered distributors (fuel producers and distributors), as set out in Part 1 of the GGPPA (the "Fuel Charge"); and
 - b) For larger industrial facilities, an output-based pricing system for emissions-intensive trade-exposed ("EITE") industries as set out in Part 2 of the GGPPA (the "OBPS"). The OBPS

applies to facilities emitting 50,000 tonnes of carbon dioxide equivalent (“CO₂e”) per year or more, with the ability for smaller EITE facilities that emit 10,000 CO₂e per year or more to voluntarily opt-in to the system over time.

21. The amount of the Fuel Charge for marketable natural gas is established under Schedule 2 of the GGPPA. The Fuel Charge increases annually until 2022, as set out below:

Year	Charge Cost \$ per m ³
2019	0.0391
2020	0.0587
2021	0.0783
2022	0.0979

22. Subsection 55(1) of the GGPPA requires that all persons register with the Canada Revenue Agency (the “CRA”) for the purposes of Part 1 of the GGPPA (i.e., the Fuel Charge) if, inter alia:
- a) The person delivers marketable natural gas or non-marketable natural gas to another person in a listed province; or
 - b) The person measures another person’s consumption or usage, in a listed province, of marketable natural gas and the measurement is done on a regular basis and for the purpose of billing the other person or providing the other person’s billing information to a third party, and the marketable natural gas is delivered by way of a distribution system.
23. “Marketable natural gas” is defined in section 3 of the GGPPA as “natural gas that consists of at least 90% methane and that meets the specifications for pipeline transport and sale for general distribution to the public.”
24. Consequently, ENGLP was required to register with the CRA as a distributor of marketable natural gas, and did so on February 27, 2019. ENGLP’s CRA account number under the program is 74396 8299 CT0001.
25. Subsection 171(1) of the GGPPA requires that persons responsible for a “covered facility” register with Environment and Climate Change Canada (“ECCC”) for the purposes of Part 2 of the GGPPA

(i.e., the OBPS).

26. On September 21, 2020, the Province of Ontario announced that the federal government accepted Ontario's Carbon pricing system of industrial emitters, known as the Ontario Emissions Performance Standards program (EPS), as an alternative to the federal OBPS. On March 29, 2021, the federal government announced that effective January 1, 2022 the Ontario EPS will replace the federal OBPS. The GGPPA was amended on September 1, 2021 to remove Ontario from Part 2 of Schedule 1 of the GGPPA, enabling EPS to take effect in Ontario as of January 1, 2022.
27. Unlike Enbridge Gas Distribution Inc. ("Enbridge"), ENGLP was not required to register as an "emitter" pursuant to section 57(1) of the GGPPA because ENGLP is not a person responsible for a "covered facility" (in Enbridge's case, its "covered facilities" include its transmission system and storage compressor stations). ENGLP also confirmed with ECCC that it was not required to register as an "emitter" because its facility emissions are below 10,000 tonnes of CO₂e.
28. Further EPCOR will not be subject to the EPS as it does not meet the criteria under section 2 of the *Emissions Performance Standards Regulation* (O. Reg. 241/19) (the "EPS Regulation") which are:
 - i. the owner or operator of the facility was required to report the facility's greenhouse gas emissions for 2014 or for any subsequent year
 - ii. the facility reported 50,000 tonnes or more of CO₂e emissions in or more reporting year from 2014 onward
 - iii. the primary activity at the facility is an industrial activity listed in paragraphs 1 to 38 of Schedule 2 of the EPS Regulation or the owner or operator of the facility has registered the facility under Part II of the GGPPA.

ENGLP's obligations under the GGPPA

29. As a registered distributor, ENGLP is required under section 17(1) of the GGPPA to pay the Fuel Charge for volumes of natural gas delivered to its customers. Additionally, pursuant to section 18(1) of the GGPPA, ENGLP is required to pay the Fuel Charge for volumes of natural gas that it

uses. These volumes delivered or used must be reported - and the corresponding Fuel Charge must be remitted – to the CRA on a monthly basis.

30. Ordinarily, Enbridge would be required to report and remit the Fuel Charge for volumes of natural gas sold to ENGLP. However, subsection 17(2) of the GGPPA deems that the Fuel Charge is not payable if the fuel is delivered to a person who holds an “exemption certificate” issued by the CRA pursuant to section 36(1) of the GGPPA (an “Exemption Certificate”). ENGLP obtained an Exemption Certificate as a registered distributor and has provided a copy to Enbridge, in accordance with the GGPPA.
31. Accordingly, ENGLP, in its capacity as a registered distributor, will be required to remit the 2021 Fuel Charge rate of \$0.0979/m³ of natural gas delivered to customers unless a customer provides ENGLP with an Exemption Certificate.
32. ENGLP will also be required to remit the 2022 Fuel Charge for natural gas used by ENGLP for its office building and natural gas vehicle (“NGV”) fleet in the Aylmer service area.

AYLMER OPERATIONS

Customer Charges and Volumes

33. ENGLP forecasts the 2022 customer related costs (for the period from April 1, 2022 to March 31, 2023) associated with the GGPPA for its Aylmer operations to be \$2,975,107. ENGLP will present these charges as a separate line item on customers' bills. ENGLP proposes a charge of 9.79 cents/m³ over volumes from April 1, 2022 to March 31, 2023.
34. ENGLP is forecasting total customer volumes from April 1, 2022 to March 31, 2023 of 28,601,377 m³. The volume projections are based on 2020 actual data and are consistent with the 2022 Aylmer IRM filing (EB-2021-0215). ENGLP's current customer related volume forecast includes a reduction (80%) for volumes delivered to commercial greenhouse operators based on the confirmed relief under the GGPPA for these customers. To date, ENGLP has received Exemption Certificates from six such customers. The resulting forecast for these exempt facilities is 94,098 m³ resulting in an effective volume of 18,820m³.

Line No.	Customer-Related Costs	Volumes (m ³)	FCC Rate (¢/m ³)	Cost Forecast (\$)
1	Customer-Related Forecast Volume	28,507,279	9.79	\$2,790,863
2	<i>Eligible Greenhouse Volumes</i>	<i>94,098</i>		
3	Effective Volumes (20%)	18,820	9.79	\$184,244
4	Total Customer-Related Costs (\$)			\$2,975,107

35. ENGLP has received an Exemption Certificate for a Rate 6 customer (IGPC) and the volumes for this customer have been excluded from the customer related volume forecast.

Facility Costs and Volumes

36. For the period of April 1 2022 to March 31, 2023, ENGLP forecasts the costs associated with company-use volumes for ENGLP’s buildings and NGV fleet to be \$3,056 for its Aylmer operations.
37. ENGLP proposes a volumetric charge of 0.0034 cents/m³ for all rate classes from April 1, 2022 to March 31, 2023 for all rate classes, including Rate 6. The costs associated with these company-use volumes will be included in delivery charges on customers’ bills.
38. ENGLP is forecasting total facility volumes from April 1, 2022 to March 31, 2023 of 88,600,394 m³. The volume projections are based on 2020 actual data and are consistent with the 2022 Aylmer IRM filing (EB-2021-0215). ENGLP is including rate 6 consumption in this projection the facility charge is applicable to all rate classes as there is no exemption.
39. It remains unclear to ENGLP whether unaccounted-for gas (“UFG”) is considered by the CRA to be “used” by a distributor. As was the case for its 2021 application, ENGLP has included UFG in its calculations, albeit at 0.0%, in the event that the CRA provides further guidance on UFG or otherwise requires ENGLP to report UFG in fuel volumes “used” by ENGLP as Company Use Volumes and remit the Fuel Charge accordingly. That is, for the purposes of its 2022 application, ENGLP continues to assume UFG to be zero.

Line No1.	Particulars	Forecast Volume (m ³)
1	Unaccounted For Gas (0%)	-
2	Company Use Buildings	10,833
3	Company Use NGV	<u>20,381</u>
4	Total Facility-Related Volume	31,214
5	FCPP Rate (¢/m ³)	9.79
6	Total Projected Facility-Related Costs (\$)	3,056
7	Forecast Recovery Volumes (m ³)	88,600,394
8	Proposed Facility Carbon Charge - ¢/m³	0.0034

Deferral and Variance Accounts

Federal Carbon Charge - Customer Variance Account (FCCCVA)

40. The purpose of the FCCCVA is to record the variances between actual customer carbon costs and customer carbon costs recovered in rates for distribution volumes delivered by ENGLP effective April 1, 2019. The calculation of the total balance requested for disposition is summarized in Table 1 below and additional details are provided in the continuity schedule in Appendix A. ENGLP is requesting disposition of balances as of December 31, 2020. Carrying charges have been calculated using OEB prescribed interest rates up until the proposed date of disposition (March 31, 2022).

Table 1 - Projected Total FCCCVA Amount for Disposal

Account	Balance Dec 31, 2020	2020 Carrying Charges	2021 Carrying Charges	2022 Carrying Charges	Balance Mar 31, 2022
FCCCVA	\$55,449	\$200	\$316	\$79	\$56,044

41. ENGLP proposes to recover these costs from customers in rate classes 1-5, due to the exemption filed by the rate 6 customer. The FCCCVA balances are proposed to be recovered through the implementation of a twelve-month volumetric rate rider commencing on April 1, 2022, calculated based on projected customer volumes. The calculation of the proposed rate rider is shown in Table 2 below.

Table 2 - Calculation of Proposed Aylmer FCCCVA Rate Rider

		A Unit	B Row Sum	C Rates 1-5	D Eligible Greenhouse (*)
1	Consumption	m ³	28,544,918	28,526,098	18,820
2	Allocation for Rates 1-5	%	100%	99.9%	0.1%
3	Sum	\$	56,044	56,007	37
4	cents/m³			0.1965	0.1965

***Note that volumes related to eligible greenhouse customers are only subject to 20% of the natural*

gas volumes used by eligible greenhouses, reducing their effective Federal Carbon Charge rate. The volumes presented on the table above are the 20% effective volumes.

Federal Carbon Charge - Facility Variance Account (FCCFVA)

42. The purpose of the FCCFVA is to record the variances between actual facility carbon costs and facility carbon costs recovered in rates effective April 1, 2019. The calculation of the total balance requested for disposition is summarized in Table 3 below and additional details are provided in the continuity schedule in Appendix A. ENGLP is requesting disposition of balances as of December 31, 2020. Carrying charges have been calculated using OEB prescribed interest rates up until the proposed date of disposition (March 31, 2022).

Table 3 - Projected Total FCCFVA Amount for Disposal

Account	Balance Dec 31, 2020	2020 Carrying Charges	2021 Carrying Charges	2022 Carrying Charges	Balance Mar 31, 2022
FCCFVA	\$3,021	\$10	\$17	\$4	\$3,053

43. ENGLP proposes to recover the costs related to the above account from customers in rate classes 1-6. Due to the low dollar amount requested for disposition, the FCCFVA balances are proposed to be recovered through the implementation of a twelve-month fixed charge rate rider commencing on April 1, 2022, based on projected customer volumes. The calculation of the proposed rate rider is shown in Table 4 below.

Table 4 - Calculation of Proposed Aylmer FCCFVA Rate Rider

		A	B
		Unit	Rates 1-6
1	Customer Count	Count	9,608
2	Allocation for Rates 1-6	%	100%
3	Sum	\$	3,053
4	\$ per customer per month		0.03

Greenhouse Gas Emissions Administration Deferral Account (GGEADA)

44. The purpose of the GGEADA is to record the administrative costs associated with the impacts of the GGPPPA, as well as any other federal and/or provincial regulations related to GHG emission requirements for ENGLP's Aylmer operation effective January 1, 2019. The calculation of the total balance requested for disposition is summarized in Table 4 below and additional details are provided in the continuity schedule in Appendix A. ENGLP is requesting disposition of balances as of December 31, 2020. Carrying charges have been calculated using OEB prescribed interest rates up until the proposed date of disposition (March 31, 2022).

Table 5 - Projected Total GGEADA Amount for Disposal

Account	Balance Dec 31, 2020	2020 Carrying Charges	2021 Carrying Charges	2022 Carrying Charges	Balance Mar 31, 2022
GGEADA	\$3,206	\$14	\$18	\$5	\$3,243

45. ENGLP proposes to recover the costs related to the above proceeding from customers in rate classes 1-6. When determining the appropriate allocation method, ENGLP reviewed both a variable rate and fixed rate allocation. As the amounts in the account are applicable to all customers, the fixed rate methodology was chosen as the variable rate created an over allocation to the rate 6 customer. The FCCCVA balances are proposed to be recovered through the implementation of a twelve-month fixed charge rate rider commencing on April 1, 2021, based on 2019 customer volumes. The calculation of the proposed rate rider is shown in Table 6 below.

Table 6 - Calculation of Proposed Aylmer GGEADA Rate Rider

		A	B
		Unit	Rates 1-6
1	Customer Count	Count	9,608
2	Allocation for Rates 1-6	%	100%
3	Sum	\$	3,243
4	\$ per customer per month		0.03

SOUTH BRUCE OPERATIONS

Customer Charges and Volumes

46. ENGLP forecasts the 2022 customer related costs (for the period from April 1, 2022 to March 31, 2023) associated with the GGPPA for its South Bruce operations to be \$2,734,997. ENGLP will present these charges as a separate line item on customers' bills. ENGLP proposes a charge of 9.79 cents/m³ over volumes from April 1, 2022 to March 31, 2023.
47. ENGLP is forecasting total customer volumes from April 1, 2022 to March 31, 2023 of 31,082,271m³ for South Bruce operations. The volume projections are based on forecast projections included in ENGLP's annual Gas Supply Plan update (EB-2021-0146) as historical growth will not adequately capture additional connections expected in 2021 and 2022 due to the ongoing South Bruce project. ENGLP's current customer related volume forecast includes a reduction (80%) for volumes delivered to commercial greenhouse operators based on the confirmed relief under the GGPPA for these customers. To date, ENGLP has received Exemption Certificates from six such customers. The resulting forecast for these exempt facilities is 3,932,042m³ resulting in an effective volume of 786,408m³.

Line No.	Customer-Related Costs	Volumes (m ³)	FCC Rate (¢/m ³)	Cost Forecast (\$)
1	Customer-Related Forecast Volume	27,150,229	9.79	\$2,658,007
2	<i>Eligible Greenhouse Volumes</i>	<i>3,932,042</i>		
3	Effective Volumes (20%)	786,408	9.79	\$76,989
4	Total Customer-Related Costs (\$)			\$2,734,997

Facility Costs and Volumes

48. ENGLP South Bruce is not expecting any costs associated with company-use volumes for ENGLP's buildings and NGV fleet and as a result, is not requesting a Facility Carbon Charge as part of this application for the South Bruce operations.

Deferral and Variance Accounts

Federal Carbon Charge - Customer Variance Account (FCCCVA)

49. The purpose of the FCCCVA is to record the variances between actual customer carbon costs and customer carbon costs recovered in rates for distribution volumes delivered by ENGLP effective April 1, 2019. The calculation of the total balance requested for disposition is summarized in Table 1 below and additional details are provided in the continuity schedule in Appendix A. Carrying charges have been calculated using OEB prescribed interest rates.

Table 7 - Projected Total FCCCVA Amount for Disposal

Account	Balance Dec 31, 2020	2020 Carrying Charges	2021 Carrying Charges	2022 Carrying Charges	Balance Mar 31, 2022
FCCCVA	-\$14,685	-\$9	-\$84	-\$21	-\$14,799

50. ENGLP proposes to disperse these amounts to customers in all rate classes (i.e. payable to customers). The FCCCVA balances are proposed to be paid through the implementation of a twelve-month volumetric rate rider commencing on April 1, 2022, calculated based on projected customer volumes. The calculation of the proposed rate rider is shown in Table 2 below.

Table 8 - Calculation of Proposed South Bruce FCCCVA Rate Rider

		A Unit	B Row Sum	C Rates 1-16	D Eligible Greenhouse (*)
1	Consumption	m ³	27,936,637	27,150,229	786,408
2	Rates 1-16	%	100%	97.2%	2.8%
3	Sum	\$	-14,799	-14,382	-417
4	cents/m ³			-0.0530	-0.0530

***Note that volumes related to eligible greenhouse customers are only subject to 20% of the natural gas volumes used by eligible greenhouses, reducing their effective Federal Carbon Charge rate. The volumes presented on the table above are the 20% effective volumes.*

Federal Carbon Charge - Facility Variance Account (FCCFVA)

51. As the South Bruce operations do not incur any facility related costs, there is no request for disposition as part of this filing.

Greenhouse Gas Emissions Administration Deferral Account (GGEADA)

52. As noted in the March 11, 2021 Decision and Order (EB-2020-0076/EB-2020-0231), OEB staff supported ENGLP's intention to allocate FCPP administration costs in future years between the Aylmer and Southern Bruce operations based on customer counts, and noted that this will reduce the bill impact, by spreading this cost across more customers. ENGLP has begun to allocate GGEADA costs across South Bruce and Aylmer beginning fall 2020 (consistent with initial South Connections). Based on the allocations included in the Appendix A DVA schedules, there is no request for disposition for 2020 balances due to immateriality (claim of less than \$10). ENGLP will continue to allocate relevant costs between rate zones for future claims as additional South Bruce customers connect.

Upstream Costs (Aylmer and South Bruce)

53. Enbridge's Facility Carbon Charge costs are not currently included in ENGLP's transportation charges included in its distribution rates, as these costs were not included in the determination of ENGLP's Purchased Gas Transportation Variance Account ("PGTVA") reference price. Therefore, such costs will be captured in the PGTVA for customers in Rate 1 through 5. All costs, charges and fees incurred by ENGLP related to gas supplied by Enbridge to ENGLP's system for the customer in Rate 6 are a direct pass through to that customer and, therefore, any such increased costs will be invoiced to IGPC on a monthly basis, equal to the amount charged by Enbridge. Similarly, Enbridge's Facility Carbon Charge costs are also not currently included in ENGLP South Bruce's Upstream charges included in its distribution rates. Therefore, such costs will be captured in the Storage and Transportation Variance Account for Rate 1, 6, and 11, as well as the Storage and Transportation Variance Account for Rate 16.
54. Any impacts to commodity costs as a result of the GGPPA will be recorded in the Purchased Gas Commodity Variance Account ("PGCVA") through the application of the rate differential between the current PGCVA reference price and the actual unit cost of the purchases to the actual volumes purchased. The PGCVA reference price will be adjusted through ENGLP's Quarterly Rate Adjustment Mechanism applications for both Aylmer and South Bruce.

Customer Communications

55. ENGLP will utilize existing communication methods such as bill inserts, bill messaging and webpage content to provide information related to the GGPPA to its customers, including communication on the program and the associated changes to ENGLP bill.

Bill Impacts

56. At the time of filing of this application, ENGLP also has two other active rate proceedings:

- EB-2021-0215 - South Bruce IRM - rates effective January 1, 2022
- EB-2021-0216 - Aylmer IRM - rates effective January 1, 2022

57. As a result, rate impacts are presented based on approved rates as of October 1, 2021 and proposed rate schedules have not been included. A table of rate adjustments by rate class can be found below:

Table 9 - Current and Proposed Federal Carbon Pricing Plan Rates

Aylmer Rates 1-5	Type	Current Rate	Proposed Rate	Variance	Variance (%)
Federal Carbon Charge	cents per m ³	7.83	9.79	1.96	25%
Facility Carbon Charge	cents per m ³	0.0052	0.0034	(0.0018)	-35%
FCCCVA Recovery	cents per m ³	0.9416	0.1965	(0.7451)	-79%
FCCFVA Recovery	\$ per month	0.01	0.03	0.02	200%
GGEADA Recovery	\$ per month	0.78	0.03	(0.75)	-96%

Aylmer Rate 6	Type	Current Rate	Proposed Rate	Variance	Variance (%)
Facility Carbon Charge	cents per m ³	0.0052	0.0034	(0.0018)	-35%
FCCFVA Recovery	\$ per month	0.01	0.03	0.02	200%
GGEADA Recovery	\$ per month	0.78	0.03	(0.75)	-96%

South Bruce (All rates)	Type	Current Rate	Proposed Rate	Variance	Variance (%)
Federal Carbon Charge	cents per m ³	7.83	9.79	1.96	25%
FCCCVA Recovery	cents per m ³	-	(0.0530)	(0.0530)	N/A

**Aylmer Rate 6 assumes an eligible certificate of exception has been filed*

***Note that volumes related to eligible greenhouse customers are only subject to 20% of the natural gas volumes used by eligible greenhouses, reducing their effective Federal Carbon Charge rate.*

TABLE 10 - AYLNER Bill Impacts

Rate Class	Average Customer Annual Billings	Average Customer Annual Volume (m3)	Change in FCC Impact \$/m3 0.01960	Change in FFC Impact \$/m3 -0.00002	Change in FCCVA \$/m3 -0.00745	Change in FCCFVA \$/month 0.02	Change in GGEADA \$/month -0.75	Total Annual Customer Impact	% Variance
RATE 1 - Residential	\$1,060	2,113	\$41.41	(\$0.04)	(\$15.74)	\$0.24	(\$9.00)	\$16.87	1.6%
RATE 1 - Commercial	\$4,669	11,854	\$232.34	(\$0.21)	(\$88.32)	\$0.24	(\$9.00)	\$135.04	2.9%
RATE 1 - Industrial	\$12,551	33,574	\$658.05	(\$0.60)	(\$250.16)	\$0.24	(\$9.00)	\$398.53	3.2%
RATE 2 - Seasonal Service - Apr to Oct	\$5,648	15,792	\$309.52	(\$0.28)	(\$117.67)	\$0.14	(\$5.25)	\$186.46	3.3%
RATE 2 - Seasonal Service - Nov to Mar	<u>\$4,113</u>	<u>9,737</u>	<u>\$190.85</u>	<u>(\$0.18)</u>	<u>(\$72.55)</u>	<u>\$0.10</u>	<u>(\$3.75)</u>	<u>\$114.47</u>	2.8%
RATE 2 - Seasonal Service - Annual	\$9,762	25,529	\$500.37	(\$0.46)	(\$190.22)	\$0.24	(\$9.00)	\$300.93	3.1%
RATE 3 - Large Volume Contract Rate	\$89,052	257,421	\$5,045	(\$4.63)	(\$1,918)	\$0.24	(\$9.00)	\$3,114.01	3.5%
RATE 4 - GS Peaking - Apr to Dec	\$16,653	44,132	\$864.99	(\$0.79)	(\$328.83)	\$0.18	(\$6.75)	\$528.80	3.2%
RATE 4 - GS Peaking - Jan to Mar	<u>\$2,459</u>	<u>5,328</u>	<u>\$104.43</u>	<u>(\$0.10)</u>	<u>(\$39.70)</u>	<u>\$0.06</u>	<u>(\$2.25)</u>	<u>\$62.44</u>	2.5%
RATE 4 - GS Peaking - Annual	\$19,113	49,460	\$969.42	(\$0.89)	(\$368.53)	\$0.24	(\$9.00)	\$591.24	3.1%
RATE 5 - Interruptible Peaking Contract Rate	\$64,178	198,871	\$3,898	(\$3.58)	(\$1,482)	\$0.24	(\$9.00)	\$2,403.75	3.7%
RATE 6 - IGPC Aylmer Ethanol Production Facility	\$759,313	62,382,456	N/A	(\$1,122.88)	N/A	\$0.24	(\$9.00)	(\$1,131.64)	-0.1%

TABLE 11 - SOUTH BRUCE Bill Impacts

Rate Class	Average Customer Annual Billings	Average Customer Annual Volume (m3)	Change in		Total Annual Customer Impact	% Variance
			FCC Impact \$/m3 0.01960	FCCCVA \$/m3 -0.00053		
Rate 1 Existing Residential	\$1,492	2,149	\$42.12	(\$1.14)	\$40.98	2.7%
Rate 1 New Residential	\$1,446	2,066	\$40.49	(\$1.09)	\$39.40	2.7%
Rate 1 Small Commercial	\$2,864	4,693	\$91.98	(\$2.49)	\$89.50	3.1%
Rate 1 Small Agricultural	\$2,878	4,720	\$92.51	(\$2.50)	\$90.01	3.1%
Rate 6 Medium Commercial	\$16,005	26,933	\$527.89	(\$14.27)	\$513.62	3.2%
Rate 6 Large Commercial	\$42,002	75,685	\$1,483.43	(\$40.09)	\$1,443.33	3.4%
Rate 11 Sample Dryer 1	\$42,682	101,499	\$1,989.39	(\$53.77)	\$1,935.62	4.5%
Rate 11 Sample Dryer 2	\$123,097	338,332	\$6,631.30	(\$179.22)	\$6,452.08	5.2%
Rate 16 Contracted Demand	\$894,989	600,000	\$11,760	(\$318)	\$11,442	1.3%

APPENDIX A - Auditor's Report



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ACCOUNTANT'S REPORT ON APPLYING SPECIFIED AUDITING PROCEDURES IN RESPECT OF THE SPECIFIC DEFERRAL ACCOUNT BALANCES

To: EPCOR Natural Gas Limited Partnership

As specifically agreed, we have performed the auditing procedures described in appendix A over the deferral account schedule for Federal Carbon Charge, to assist EPCOR Natural Gas Limited Partnership (the "Company") to comply with the requirements of the Ontario Energy Board (OEB) for the period from January 1, 2020 to December 31, 2020.

This engagement to apply agreed-upon auditing procedures was performed in accordance with Canadian Standards on Related Services 9100, Reports on the Results of Applying Specified Auditing Procedures. We make no representation regarding the sufficiency of the procedures described in Appendix A either for the purpose for which this report has been requested or for any other purpose.

The procedures in Appendix A do not constitute an audit of the deferral account schedule and, therefore, we express no opinion on the information in the schedule for the period from January 1, 2020 to December 31, 2020. Had we performed additional procedures other matters might have come to our attention that we would have reported to you.

This letter is for use in assessing the Company's deferral account activity for Federal Carbon Charge from January 1, 2020 to December 31, 2020 and is not intended to be and should not be used for any other purpose.

Chartered Professional Accountants, Licensed Public Accountants

London, Ontario
November 2, 2021



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APPENDIX A

1. We obtained the deferral account activity for Federal Carbon Charge from January 1, 2020 to December 31, 2020 and recalculated the schedule to ensure its mathematical accuracy.
2. For the Greenhouse Gas Emissions Administration Deferral Account (GGEADA) expenses, we obtained invoices for sampled months of activity to ensure that the amount of cost claimed is correct.
3. For the federal fuel charge amounts, we obtained the CRA remittances for each month to ensure the amount claimed is correct.
4. For the amounts received via billing, we agreed each claim to the Federal carbon charge Consumption Summary Report as prepared by EPCOR based on the consumption data collected monthly from customers. We validated a selection of the data in the consumption report by agreeing it to individual customer invoices.

	Opening	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
OEB Prescribed Interest rate		2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	0.57%	0.57%	0.57%	0.57%	0.57%	0.57%

2019 Amounts approved for disposal

Federal Carbon Charge - Customer Variance Account (FCCVA)													
Cumulative Monthly Total	287,851	287,851	287,851	287,851	287,851	287,851	287,851	287,851	287,851	287,851	287,851	287,851	287,851
Monthly Interest		523	523	523	523	523	523	137	137	137	137	137	137
Cumulative Interest	3,516	4,039	4,562	5,085	5,608	6,131	6,654	6,790	6,927	7,064	7,201	7,337	7,474
Federal Carbon Charge - Facility Variance Account (FCCFA)													
Cumulative Monthly Total	1,457	1,457	1,457	1,457	1,457	1,457	1,457	1,457	1,457	1,457	1,457	1,457	1,457
Monthly Interest		3	3	3	3	3	3	1	1	1	1	1	1
Cumulative Interest	11	14	17	19	22	25	27	28	29	29	30	31	31
Greenhouse Gas Emissions Administration Deferral Account (GGEADA)													
Cumulative Monthly Total	84,209	84,209	84,209	84,209	84,209	84,209	84,209	84,209	84,209	84,209	84,209	84,209	84,209
Monthly Interest		153	153	153	153	153	153	40	40	40	40	40	40
Cumulative Interest	920	1,073	1,226	1,379	1,531	1,684	1,837	1,877	1,917	1,957	1,997	2,037	2,077

2020 Schedule

Payments to CRA													
Aylmer - Customers		172,999	159,136	137,421	163,031	124,948	55,549	38,461	40,279	41,856	81,861	181,371	237,206
Aylmer - Facility		212	216	218	331	333	334	335	335	336	337	339	344
Southern Bruce - Customers		-	-	-	-	-	-	-	-	56	192	330	4,140
Sub-Total		173,211	159,352	137,639	163,362	125,281	55,883	38,795	40,614	42,247	82,390	182,040	241,690
Per CRA Remittance		173,211	159,352	137,639	163,362	125,281	55,883	38,795	40,614	42,247	82,390	182,040	241,690
Difference		-	-	-	-	-	(0)	0	-	(0)	0	(0)	0

Volumes													
Customer volume (Aylmer)		4,419,023	4,064,004	3,508,183	2,770,634	2,120,631	942,409	651,276	682,207	708,786	1,389,855	3,085,052	4,036,116
Customer volume (Southern Bruce)		-	-	-	-	-	-	-	-	-	-	-	63,214
Exempt customer volume (Aylmer)		27,457	29,854	32,096	33,592	39,749	19,562	19,654	19,880	21,275	23,572	23,698	24,383
Exempt customer volume (Southern Bruce)		-	-	-	-	-	-	-	-	4,780	16,371	28,073	36,547
Facility volume (Aylmer)		5,434	5,514	5,579	5,642	5,681	5,691	5,703	5,715	5,721	5,738	5,781	5,862
		4,451,915	4,099,372	3,545,858	2,809,868	2,166,061	967,661	676,634	707,802	740,562	1,435,536	3,142,603	4,166,122
Aylmer DTY R1-R5 volumes		4,531,370	4,196,568	3,613,252	2,835,772	2,153,307	893,382	587,277	617,357	646,224	1,353,849	3,105,330	4,118,201
Customer charge		172,784	158,903	137,170	162,636	124,481	55,319	38,230	40,046	41,606	81,585	181,093	240,631
Exempt customer charge		215	233	251	394	467	230	231	233	306	469	608	715
Facility charge		212	216	218	331	333	334	335	335	336	337	339	344
		173,211	159,352	137,639	163,362	125,281	55,883	38,795	40,614	42,247	82,390	182,040	241,690

Federal Carbon Charge - Customer Variance Account (FCCVA)

Aylmer													
Received via Billing - Customer Charge		(175,004)	(161,730)	(139,106)	(131,107)	(122,659)	(52,128)	(35,253)	(33,617)	(34,914)	(74,270)	(181,761)	(237,119)
Federal fuel charge paid to CRA		172,999	159,136	137,421	163,031	124,948	55,549	38,461	40,279	41,856	81,861	181,371	237,206
Monthly Total		(2,006)	(2,594)	(1,685)	31,923	2,289	3,421	3,207	6,662	6,942	7,591	(390)	88
Monthly Interest		-	(4)	(8)	(11)	47	51	15	16	20	23	26	26
Monthly Total with Interest		(2,006)	(2,597)	(1,693)	31,912	2,335	3,472	3,222	6,678	6,961	7,614	(364)	114
Cumulative Monthly Total		(2,006)	(4,599)	(6,284)	25,639	27,928	31,349	34,556	41,218	48,160	55,751	55,361	55,449
Cumulative Interest		-	(4)	(12)	(23)	23	74	89	105	125	148	174	200
Cumulative Total with Interest		-	(2,006)	(4,603)	(6,296)	25,616	27,951	31,423	34,645	41,323	48,285	55,535	55,649
Southern Bruce													
Received via Billing - Customer Charge		-	-	-	-	-	-	-	-	(1,871)	(3,201)	(7,640)	(6,691)
Federal fuel charge paid to CRA		-	-	-	-	-	-	-	-	56	192	330	4,140
Monthly Total		-	-	-	-	-	-	-	-	(1,815)	(3,009)	(7,310)	(2,552)
Monthly Interest		-	-	-	-	-	-	-	-	-	(1)	(2)	(6)
Monthly Total with Interest		-	-	-	-	-	-	-	-	(1,815)	(3,010)	(7,312)	(2,557)
Cumulative Monthly Total		-	-	-	-	-	-	-	-	(1,815)	(4,824)	(12,133)	(14,685)
Cumulative Interest		-	-	-	-	-	-	-	-	-	(1)	(3)	(9)
Cumulative Total with Interest		-	-	-	-	-	-	-	-	(1,815)	(4,824)	(12,137)	(14,694)

Federal Carbon Charge - Facility Variance Account (FCCFVA)												
Aylmer												
Received via Billing - Facility Charge	(77)	(71)	(61)	(77)	(58)	(24)	(16)	(17)	(17)	(37)	(84)	(111)
Federal fuel charge paid to CRA	212	216	218	331	333	334	335	335	336	337	339	344
Interest	-	0	1	1	1	2	1	1	1	1	1	1
Monthly Total with Interest	135	145	157	255	277	312	320	320	319	301	257	234
Cumulative Monthly Total	135	280	436	691	966	1,276	1,595	1,914	2,232	2,533	2,788	3,021
Cumulative Interest	-	0	1	2	3	5	5	6	7	8	9	10
Cumulative Total with Interest	135	280	437	693	969	1,281	1,600	1,920	2,239	2,541	2,797	3,032
Greenhouse Gas Emissions Administration Deferral Account (GGEADA)												
Administration Costs												
Monthly Reporting Labour	135	135	135	135	135	135	135	135	135	135	135	135
BDO - #CINV0673271					1,590							
Sub-Total	135	135	135	135	1,725	135	135	135	135	135	135	135
Cost allocation based on customer volumes												
Aylmer	100%	100%	100%	100%	100%	100%	100%	100%	99%	99%	99%	98%
Southern Bruce	0%	0%	0%	0%	0%	0%	0%	0%	1%	1%	1%	2%
Aylmer												
Costs allocated to Aylmer	135	135	135	135	1,725	135	135	135	134	134	134	132
Interest	-	0	0	1	1	4	1	1	1	1	1	1
Monthly Total with Interest	135	135	136	136	1,726	139	136	136	136	135	135	133
Cumulative Monthly Total	135	270	406	541	2,266	2,401	2,536	2,672	2,806	2,940	3,074	3,206
Cumulative Interest	-	0	1	1	2	7	8	9	10	12	13	14
Cumulative Total with Interest	-	135	271	406	542	2,268	2,408	2,544	2,681	2,816	2,951	3,087
Southern Bruce												
Costs allocated to Southern Bruce	-	-	-	-	-	-	-	-	1	2	1	3
Interest	-	-	-	-	-	-	-	-	-	-	-	-
Monthly Total with Interest	-	-	-	-	-	-	-	-	1	2	1	3
Cumulative Monthly Total	-	-	-	-	-	-	-	-	1	2	4	7
Cumulative Interest	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative Total with Interest	-	-	-	-	-	-	-	-	1	2	4	7
MTD Total	(1,735)	(2,317)	(1,400)	32,303	4,338	3,923	3,678	7,134	5,602	5,042	(7,283)	(2,072)
TOTAL CUMULATIVE FEDERAL CARBON TAX	(1,735)	(4,052)	(5,453)	26,851	31,189	35,112	38,790	45,924	51,526	56,568	49,286	47,213