

November 25, 2021

**Sent by EMAIL, RESS e-filing**

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

Dear Ms. Long:

**Re: EB-2021-0309 & EB-2021-0310: Quarterly Rate Adjustment Mechanism (“QRAM”) Notice of Commodity-Related Price Increase Estimate January 2022**

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The purpose of this letter is to inform the Ontario Energy Board (“OEB”) of the estimated change in the commodity portion of an average residential customer’s bill that is expected when EPCOR Natural Gas Limited Partnership (“ENGLP”) files its January 1, 2022 QRAM application.

**Aylmer**

Based on preliminary estimates provided by Enbridge Gas Inc. in the letter received November 24, 2021<sup>1</sup>, there is a possibility that the commodity bill increase will be higher than 25% for the franchise area since the system gas rates are dependent upon the rates set by Enbridge for the Union South rate zone.

**South Bruce**

Based on market pricing trends since the preliminary estimate was prepared, ENGLP South Bruce expects it is likely that the gas commodity portion of the bill will increase by more than 25% for system gas customers in South Bruce when the January 1, 2022 QRAM is prepared.

In both instances, should the commodity bill increase be greater than 25% for an average residential customer, ENGLP is planning to include a plan to mitigate the increase to an acceptable level with the January 1, 2022 QRAM application.

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<sup>1</sup> EB-2021-0281, EGI\_Ltr\_Nov Estimate of Jan 2022 QRAM\_20211124eSigned

## **Background**

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

...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.

## **Cost Drivers of the Commodity Bill Impacts**

### **Aylmer**

As noted in the Enbridge letter of November 24, 2021:

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

1. Increases related to the market price of natural gas,
2. Increases related to the Purchase Gas Variance Accounts ("PGVA") riders, and
3. Increases related to the recovery of the PGVA credits included as part of the October 1, 2021 QRAM mitigation plan

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

The price used to set the gas commodity rate is forecast for January 1, 2022 to December 31, 2022 and is expected to increase between \$0.824/GJ and \$0.898/GJ from the prices approved by the OEB in the October 2021 QRAM.

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

The projected January 1, 2022 PGVA riders are larger than the January 1, 2021 PGVA riders that expire with the January 1, 2022 QRAM. The impact of the expiring rider is included with the impact of the projected PGVA rider determined for the January 1, 2022 QRAM.

#### *3. Increases related to the recovery of the PGVA credits included as part of the October 1, 2021 QRAM mitigation plan*

Enbridge Gas included PGVA credits totalling \$173 million with the October 1, 2021 QRAM in order to mitigate commodity-related impacts below 25%. As part of the plan, Enbridge Gas indicated it would propose to include a PGVA debit of an equal amount with the January 1, 2022 QRAM to recover the cost of the PGVA credit not recovered with the October 1, 2021 QRAM application.

### **South Bruce**

Of the estimated bill impact for a typical residential customer, the cost drivers is the increases related to the market price of natural gas.

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

The forecasted price used to set the gas commodity rate for January 1, 2022 to December 31, 2022 is expected to increase between \$1.152/GJ and \$1.338/GJ from the prices previously approved by the Board in the October 2021 QRAM.

ENGLP expects to file its October 1, 2021 QRAM applications on approximately December 13, 2021.

Please feel free to contact me if you have any questions regarding this matter.



Sincerely,

Tim Hesselink  
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EPCOR Natural Gas Limited Partnership  
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