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January 10, 2022

Christine E. Long
Registrar and Board Secretary
Ontario Energy Board
2300 Yonge Street, P.O. Box 2319
Toronto ON
M4P 1E4

Dear Ms. Long

**RE: EB-2021-0209 Enbridge Gas Inc FCCP 2021 Application
Energy Probe Argument**

In accordance with Procedural Order#2, Attached is the Argument on behalf of Energy Probe Research Foundation.

Yours truly,

Roger Higgin Ph.D. MBA, P.Eng. – Consultant
Sustainable Planning Associates (SPA) Inc,

cc. Tanya Persad EGI Counsel
Richard Wathy EGI
Lawren Murray OEB
Vince Mazzone OEB

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ONTARIO ENERGY BOARD

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

AND IN THE MATTER OF an application by Enbridge Gas Inc., for an
order or orders for gas distribution rate changes related to compliance
obligations under the *Greenhouse Gas Pollution Pricing Act*, S.C. 2018,
c. 12, s. 186.

Enbridge Gas Inc. 2022 Application under the Federal Carbon Pricing Program
(FCPP)

Energy Probe Research Foundation Argument

January 10, 2022

Enbridge Gas Inc. Application under the Federal Carbon Pricing Program (FCPP) Energy Probe Research Foundation Submissions

Background

Enbridge Gas Inc. filed its Application to recover in rates, the forecasted 2021 Federal Carbon Pricing Program (FCPP) amounts related to customer natural gas volumes and Facilities volumes. The Application was given Docket # EB-2020-0212.

The Board previously approved three FCPP deferral and variance accounts¹ for each Rate Zone:

- Federal Carbon Charge – Customer Variance Accounts, to record the variance between actual FCPP costs related to customer emissions and FCPP costs recovered in rates related to customer emissions
- Federal Carbon Charge – Facility Variance Accounts, to record the variance between actual FCPP costs related to facility emissions and FCPP costs recovered in rates related to facility emissions
- Greenhouse Gas Emissions Administration Deferral Accounts, to record the administration costs associated with the FCPP

These accounts record the differences between the forecast and actual amounts related to customer volumes/charges, facility emissions and administration cost.

In addition the Change to EPS will require modifications of facility related deferral Accounts.

Relief Requested

Enbridge Gas applied to the OEB, pursuant to the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B (the “Act”), for:

- a) an order or orders allowing it to charge customers a Federal Carbon Charge on a volumetric basis, in the amount of the Federal Carbon Charge required to be paid by Enbridge Gas pursuant to the GGPPA, effective April 1, 2022;
- b) an order or orders approving or fixing just and reasonable rates for all Enbridge Gas rate zones (EGD, Union Northeast, Union Northwest and Union South),¹ effective April 1, 2022, to allow Enbridge Gas to recover other costs (including Facility Carbon Charge costs) incurred in compliance with the GGPPA and EPS Regulation;
- c) an order or orders approving the 2020 balances for all FCPP-related deferral and variance accounts, for all Enbridge Gas rate zones, as set out in Exhibit C and for an order to dispose of those balances as part of the April 1, 2022 QRAM; and

¹ EB-2019-0205

- d) an order or orders approving an amendment to the wording of the FCPP related deferral and variance accounting orders recognizing the change from the federal OBPS to the provincial EPS.

In its Application, Enbridge Gas requested approval of:

- Enbridge Gas's forecast cost associated with Customer Volumes for the period of April 1, 2022 to March 31, 2023 is \$1,677.33 million: \$1,038.41 million for the EGD rate zone and \$638.92 million for the Union rate zones,
- Enbridge Gas's forecast cost associated with Company Use Volumes for the period of April 1, 2022 to March 31, 2023 is approximately \$2.72 million: \$0.58 million for the EGD rate zone and \$2.14 million for the Union rate zones associated with Company Use Volumes for the period of April 1, 2022 to March 31, 2023.
- The costs associated with EPS Volumes to be recovered from customers as part of the Facility Carbon Charge, included in delivery or transportation charges on customers' bills. Enbridge Gas's forecast 2022 (January 1, 2022 to December 31, 2022) cost associated with EPS Volumes is \$3.81 million: \$0.50 million for the EGD rate zone and \$3.31 million for the Union rate zones associated with EPS Volumes for the period of January 1, 2022 to December 31, 2022).

Enbridge Gas estimates that the *incremental bill impact* of the 2022 carbon charges for a typical residential customer with annual consumption of 2,400 m³ is an increase of \$47.05 per year in the EGD rate zone. The bill impact of the 2022 carbon charges for a typical residential customer with annual consumption of 2,200 m³ is an increase of \$43.14 per year in the Union rate zones.

For the EGD rate zone, the bill impact of the proposed deferral and variance account balance disposition for a typical residential customer with annual consumption of 2,400 m³ is \$0.76. For the Union rate zones, the bill impact of the proposed deferral and variance account balance disposition for a typical residential customer with annual consumption of 2,200 m³ is \$0.27 for customers in the Union South rate zone and \$0.34 for customers in the Union North rate zone.

Energy Probe accepts the EGI 2022 forecasts and agrees that these should be approved as final.

Administrative Costs

As set out in Table 3, Enbridge Gas's forecast 2022 administration costs are forecast to increase to \$6.99 million: \$4.69 million for the EGD rate zone and \$2.30 million for the Union rate zones. Enbridge Gas will record actual 2022 costs in the GGEADAs until such time that these costs are incorporated into rates. Enbridge Gas is providing forecast 2022 administration costs for informational purposes only and will seek recovery of its actual 2022 administration costs in a

future proceeding. Enbridge Gas is not seeking approval to recover these costs in this application,

Energy Probe Submission

Although EGI is not seeking approval of its Administration Costs, Energy Probe requests the Board to indicate that other than bad debt costs, these costs should increase no more than the Inflation in the EGI Rate Cap Index. The Board should indicate to EGI that the forecast increase in Bad Debt related to the pandemic should continue to be considered under the Board's review of COVID-19 Expenses.

Disposition of 2020 Deferral Account Balances

Energy Probe accepts the 2020 balances for all FCPP-related deferral and variance accounts, for all Enbridge Gas rate zones, as set out in Exhibit C and for disposition of those balances as part of the April 1, 2022 QRAM.

Submitted this 10th day of January, 2022

Roger M.R Higgin PhD., M.B.A. P.Eng..

Tom Ladanyi MAsc., P.Eng. CPA, CMA

SPA Inc.

TL Energy Regulatory Consultants Inc.