

ONTARIO ENERGY BOARD NOTICE

The Ontario Energy Board is commencing a hearing on its own motion to consider the price paid by rate-regulated natural gas distributors and their customers for natural gas produced in Ontario.

Learn more. Have your say.

The Ontario Energy Board (OEB) is initiating this proceeding on its own motion to consider the price paid by rate-regulated natural gas distributors (Distributors) for natural gas produced in Ontario. The price that Distributors currently pay Ontario producers for natural gas is ultimately passed on to their system gas customers through the OEB's Quarterly Rate Adjustment Mechanism (QRAM) rate process.

Distributors procure natural gas on behalf of their system gas customers, largely on the open market from a variety of producers located outside of Ontario but also from producers that are located within Ontario. Most Ontario natural gas producers sell their gas directly to Distributors through gas purchase agreements. Under these agreements, Ontario's largest distributor (Enbridge Gas Inc.) currently pays Ontario natural gas producers a forward Dawn Index price for natural gas. In the OEB's recent consultation on Enbridge Gas's gas supply plan ([EB-2019-0137](#)), the Ontario Petroleum Institute (OPI) argued that Enbridge Gas should instead be paying the Total Gas Supply Commodity Charge (TGSCC) in the Union South rate zone for gas produced in Ontario. The TGSCC is usually (though not always) a higher price than the forward Dawn Index price.

The OEB does not allow Distributors to earn a profit on the sale of natural gas to their system gas customers. Rather, Distributors must "pass through" the price they pay to buy natural gas to their system gas customers with no markup. The OEB does not currently directly fix or approve the price that Distributors pay for natural gas; however, through the QRAM the OEB does assess the reasonableness of Distributors' gas supply costs when they seek to pass these costs on to their system gas customers. Any changes in the price paid by Distributors for natural gas, whether sourced within or outside of Ontario, can therefore affect the bills paid by their system gas customers.

This proceeding will focus solely on a consideration of the price for natural gas produced in Ontario, and will not consider the price for other sources of natural gas.

The OEB has prepared a draft issues list that identifies options as potential alternatives to the status quo, on which parties will be invited to comment in the early stages of the proceeding:

- 1. Is it appropriate for the OEB to fix or approve price(s) (or pricing formula(s)) that a Distributor will be required to charge their system gas customers specifically for natural gas produced in Ontario and, if so, what should the price(s) (or pricing formula(s)) be?**
- 2. Alternately, is it appropriate for the OEB to provide direction on the principles it will consider when assessing whether the costs of natural gas produced in Ontario that a Distributor proposes to pass on to system gas customers through the QRAM are reasonable? If so, what should those principles and related filing requirements be?**

THE ONTARIO ENERGY BOARD WILL HOLD A PUBLIC HEARING

The Ontario Energy Board (OEB) will hold a public hearing to consider the price paid by Distributors for natural gas produced in Ontario. We will hear arguments from parties that have registered to participate in the OEB's hearing. At the end of this hearing, the OEB will decide what, if any, new steps will be taken with respect to the price paid for natural gas produced in Ontario.

The OEB is an independent and impartial public agency. We make decisions that serve the public interest. Our goal is to promote a financially viable and efficient energy sector that provides you with reliable energy services at a reasonable cost.

BE INFORMED AND HAVE YOUR SAY

You have the right to information regarding this proceeding and to be involved in the process.

- You can review this Notice on the OEB's website now.
- You can file a letter with your comments which will be considered during the hearing.
- You can become an active participant (called an intervenor). Apply by **February 18, 2022**, or the hearing will go ahead without you and you will not receive any further notice of the proceeding.

LEARN MORE

Our file number for this case is **EB-2022-0094**. To learn more about this hearing, find instructions on how to file letters or become an intervenor, or to access any document related to this case, please select the file number **EB-2022-0094** from the list on the OEB's website at www.oeb.ca/notice. You can also phone our Consumer Relations Centre at 1-877-632-2727 with any questions.

ORAL VS. WRITTEN HEARING

There are two types of OEB hearings – oral and written. The OEB intends to proceed by way of a written hearing in this case. If you think an oral hearing is needed, you can write to the OEB to explain why by **February 18, 2022**.

PRIVACY

If you write a letter of comment, your name and the content of your letter will be put on the public record and the OEB website. However, your personal telephone number, home address and email address will be removed. If you are a business, all your information will remain public. If you apply to become an intervenor, all of your information will be public.

This hearing will be held under section 36 of the Ontario Energy Board Act, 1998, S.O. 1998.



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