



Ontario | Commission
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BY EMAIL

April 26, 2022

Ms. Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
Registrar@oeb.ca

Dear Ms. Marconi:

**Re: Ontario Energy Board (OEB) Staff Submission
Enbridge Gas Inc.
Incremental Capital Module Funding
OEB File Number: EB-2021-0148**

Please find attached OEB staff's submission in the above referenced proceeding, pursuant to Procedural Order No. 2.

Yours truly,

Original Signed By

Petar Prazic
Applications Division

Encl.

cc: All parties in EB-2021-0148



ONTARIO ENERGY BOARD

OEB STAFF SUBMISSION ON DRAFT RATE ORDER DATED APRIL 21, 2022

**Enbridge Gas Inc. Phase 2 – 2021 Rates Application
(Incremental Capital Module Funding)**

EB-2021-0148

April 26, 2022

Overview

On August 30, 2018, the Ontario Energy Board (OEB) approved the amalgamation of Enbridge Gas Distribution Inc. (EGD) and Union Gas Limited (Union Gas) under the OEB's policy on mergers, amalgamations, acquisitions and divestitures (MAADs).¹ In its decision, the OEB also approved a rate-setting framework and associated parameters for the deferred rebasing period of 2019 to 2023 (MAADs Decision). The companies amalgamated to form Enbridge Gas Inc. (Enbridge Gas), effective January 1, 2019.

Enbridge Gas filed an application with the OEB on October 15, 2021, under section 36 of the *Ontario Energy Board Act, 1998*, seeking approval for unit rates related to its 2022 Incremental Capital Module (ICM) funding request for five capital projects. In a Decision and Interim Rate Order issued on October 28, 2021, the OEB decided all issues in Phase 1 of Enbridge Gas's 2022 rates proceeding.² On November 29, 2021, the OEB issued Procedural Order No. 1 in respect of Enbridge Gas's 2022 ICM funding application (Phase 2). Phase 2 addressed only the ICM funding request for 2022 rates. The rate order in this proceeding will set the final rates for 2022.

The OEB issued its decision on April 12, 2022, related to two ICM projects in the Enbridge rate zone (EGD) and three ICM projects in the Union rate zones. In its decision, the OEB approved ICM funding for only the Cherry to Bathurst NPS 20 project, in the EGD rate zone. Enbridge Gas filed a draft rate order on April 21, 2022, reflecting the OEB's findings.

OEB Staff Submission

OEB staff has reviewed the draft rate order along with the supporting schedules and is satisfied that the rate schedules appropriately reflect the OEB's decision in this proceeding and that the ICM unit rates have been appropriately calculated. The ICM unit rates are based on an effective date of July 1, 2022, and the rate changes will be implemented in conjunction with Enbridge Gas's July 1, 2022, Quarterly Rate Adjustment Mechanism (QRAM) application.

The ICM unit rates are embedded in the delivery and transportation charges on the applicable rate schedules. The net annual bill increase associated with the 2022 ICM approved funding for a typical EGD rate zone residential customer (Rate 1) consuming 2,400 m³ annually is approximately \$1.01 per year for sales service customers and bundled direct purchase customers. As the Cherry to Bathurst project is in the EGD rate zone, there is no rate impact related to 2022 ICM projects in the Union rate zones.

~All of which is respectfully submitted~

¹ EB-2017-0306 / 0307, Decision and Order August 30, 2018 (MAADs Decision).

² EB-2021-0147