



Ontario Energy Board

**A hearing on the Ontario Energy Board's own motion to
consider the price paid by rate-regulated natural gas
distributors and their customers for natural gas
produced in Ontario**

PROCEDURAL ORDER NO. 2

May 3, 2022

The Ontario Energy Board (OEB) has initiated this proceeding on its own motion to consider the price paid by rate-regulated natural gas distributors for natural gas produced in Ontario.¹

The OEB issued Procedural Order No. 1 in which parties were invited to make submissions on the draft issues list.² The draft issues list was:

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?

Canadian Manufacturers and Exporters, Enbridge Gas, Energy Probe, EPCOR Natural Gas Limited Partnership, Industrial Gas Users Association, and School Energy Coalition submitted that the draft issues list was appropriate. Enbridge Gas suggested that additional words be added to each of the two issues for clarity.

In its submission on the draft issues list, the Ontario Petroleum Institute (OPI) identified the two key issues it wishes to pursue in this proceeding:

¹ [Ontario Energy Board Notice](#), dated February 7, 2022

² [Procedural Order No. 1](#), dated March 4, 2022

1. What is the price that Ontario producers are getting paid for the gas they produce?
2. What are the terms and conditions governing Ontario producers' access to the gas distribution system?³

OPI noted that the proceeding is currently focused on the first issue and they seek to add the second issue. Based on this, the OEB understands that the OPI takes issue with:

1. The current price its Ontario producer members are paid for the gas they sell to Ontario distributors, and
2. The terms and conditions that currently apply to those producers' access to the Ontario gas distribution system.

These issues raise questions relating to the OEB's jurisdiction, as set out in the [Ontario Energy Board Act, 1998](#) (OEB Act). To ensure an efficient and transparent process, the OEB is of the view that these issues related to jurisdiction should be addressed first and that parties should have an opportunity to make submissions on the following two questions.

1. Section 36(1) of the OEB Act provides that:

No gas transmitter, gas distributor or storage company shall sell gas or charge for the transmission, distribution or storage of gas except in accordance with an order of the Board, which is not bound by the terms of any contract.

Question 1. On what basis does the OEB have jurisdiction to set the price that Ontario natural gas producers get paid for the gas they produce and provide to Ontario distributors?

2. The OEB's [Gas Distribution Access Rule](#) establishes certain conditions of access to gas distribution services provided by a gas distributor. Section 44 of the OEB Act provides that the OEB's chief executive officer may make, amend and revoke rules, and sets out the process to be followed.

Question 2. On what basis can a panel of commissioners establish rules to ensure fair and transparent access and transparent access for gas producers to gas distribution systems in Ontario?

³ [Ontario Petroleum Institute submission](#), dated March 11, 2022

Based on the nature of the issues and OPI's interest in them, the OEB is of the view that OPI should file its submissions first and will have a right of reply to responding submissions from other parties.

It is necessary to make provision for the following matters related to this proceeding. Further procedural orders may be issued by the OEB.

IT IS THEREFORE ORDERED THAT:

1. Ontario Petroleum Institute shall file with the OEB and serve on all parties its submissions on the two questions by **May 24, 2022**.
2. Intervenors and OEB staff who wish to file replies to Ontario Petroleum Institute's submissions shall file them with the OEB and serve them on all parties by **June 21, 2022**.
3. Ontario Petroleum Institute shall file with the OEB and serve on all parties a reply to the submissions of intervenors and OEB staff by **July 12, 2022**.

Parties are responsible for ensuring that any documents they file with the OEB, such as applicant and intervenor evidence, interrogatories and responses to interrogatories or any other type of document, **do not include personal information** (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's [Rules of Practice and Procedure](#).

Please quote file number **EB-2022-0094** for all materials filed and submit them in searchable/unrestricted PDF format with a digital signature through the [OEB's online filing portal](#).

- Filings should clearly state the sender's name, postal address, telephone number and e-mail address.
- Please use the document naming conventions and document submission standards outlined in the [Regulatory Electronic Submission System \(RESS\) Document Guidelines](#) found at the [File documents online page](#) on the OEB's website.
- Parties are encouraged to use RESS. Those who have not yet [set up an account](#), or require assistance using the online filing portal can contact registrar@oeb.ca for assistance.
- Cost claims are filed through the OEB's online filing portal. Please visit the [File documents online page](#) of the OEB's website for more information. All participants shall download a copy of their submitted cost claim and serve it on all required parties as per the [Practice Direction on Cost Awards](#).

All communications should be directed to the attention of the Registrar at the address below and be received by end of business, 4:45 p.m., on the required date.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Ritchie Murray at ritchie.murray@oeb.ca and OEB Counsel, Michael Millar at michael.millar@oeb.ca.

Email: registrar@oeb.ca

Tel: 1-877-632-2727 (Toll free)

DATED at Toronto, **May 3, 2022**

ONTARIO ENERGY BOARD

Nancy Marconi
Registrar