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June 1, 2022

Richard Wathy
Technical Manager
Regulatory Applications
Enbridge Gas Inc.
50 Keil Dr.
Chatham, ON N7M 5M1
Richard.Wathy@enbridge.com

Dear Mr. Wathy:

**Re: Enbridge Gas Inc.
Quarterly Rate Adjustment Mechanism Application (QRAM), July 2022
Ontario Energy Board File Number: EB-2022-0150**

This letter acknowledges receipt of Enbridge Gas Inc.'s letter dated May 27, 2022, in which Enbridge Gas provided the OEB with notice of an estimated commodity-related price increase of greater than 25% for its July 2022 QRAM application.¹ Enbridge Gas intends to file its QRAM application on June 3, 2022 with two mitigation approaches for the OEB's consideration. In order to prepare and file the QRAM application early, the application will be based on the 21-day NYMEX strip used by Enbridge Gas to produce the preliminary commodity-related price increase estimate.

Enbridge Gas prepared a May 2022 estimate of the July 2022 QRAM impact to the commodity portion of an average residential sales service customer bill. The estimate was based on a 21-day strip of natural gas prices ending May 6, 2022. Enbridge Gas forecasts the commodity-related bill increase for a typical residential customer in the EGD, Union South, Union North West and Union North East rate zones to be between \$245 and \$310 a year (between 58% and 85%). Enbridge Gas noted that this increase is primarily driven by the increase in the market price of natural gas resulting from strong domestic demand, global demand for U.S. liquefied natural gas exports, and uncertainty on the global energy landscape from the ongoing Russian conflict.

¹ In accordance with the OEB's Decision and Order in EB-2014-0199, August 14, 2014, pp. 4-5

In addition to the commodity-related impacts described above, the July 1, 2022 QRAM application will also reflect non-commodity related QRAM changes, the one-time disposition of balances from the 2020 Demand Side Management (DSM) Deferral and Variance Account Disposition application,² and implementation of EGD rate zone ICM unit rates from Enbridge Gas's 2022 Rates Phase 2 application.³

The OEB notes that Enbridge Gas's proposed approach of using the 21-day NYMEX strip associated with the preliminary estimate reflects a departure from the prescribed QRAM methodology. The OEB finds that this departure, in terms of the timing of the gas cost forecast, is appropriate in this limited circumstance as it allows EGI to file its application early and provide mitigation options for the OEB to consider.

Please direct any questions relating to this application to the Case Manager, Ritchie Murray, at 416-544-5182 or ritchie.murray@oeb.ca.

Yours truly,

Nancy Marconi
Registrar

c: All Interested Parties EB-2008-0106, EB-2019-0137, EB-2022-0072, EB-2021-0147 & EB-2021-0148

² EB-2022-0007

³ EB-2021-0148