



Ontario
Energy
Board

Commission
de l'énergie
de l'Ontario

DECISION AND ORDER

EB-2022-0174

EPCOR NATURAL GAS LIMITED PARTNERSHIP- SOUTH BRUCE

**Application for quarterly rate adjustment mechanism commencing
July 1, 2022**

Before: **Allison Duff**
Presiding Commissioner

Lynne Anderson
Chief Commissioner

David Sword
Commissioner

June 27, 2022

INTRODUCTION

EPCOR Natural Gas Limited Partnership (EPCOR) applied for an order or orders approving or fixing just and reasonable rates and other charges for the sale and distribution of natural gas commencing July 1, 2022 for its South Bruce operations on June 10, 2022 and revised its application on June 15, 2022 (the Application). The purpose of this Application is to set rates for customers that pass-through the market price of the natural gas commodity. EPCOR does not make a profit on the sale of the natural gas commodity to its customers.

The Application was made pursuant to section 36(1) of the *Ontario Energy Board Act, 1998* and in accordance with the Quarterly Rate Adjustment Mechanism (QRAM) established by the OEB for dealing with changes in gas costs.¹

In EPCOR South Bruce's April 2022 QRAM², the OEB approved a typical 12-month smoothing period to recover the Purchased Gas Commodity Variance Account (PGCVA) credit of \$380,000 that was previously approved as rate mitigation in EPCOR's January 2022 QRAM.³

In this Application, EPCOR provided two approaches for implementing rate changes for the July 2022 QRAM: its preferred approach and an alternative approach that featured a rate mitigation proposal. For its preferred approach, EPCOR proposed no new mitigation measures and it would continue to recover the remainder of the PGCVA credit until the end of March 2023 as approved in its April 2022 QRAM. For the alternative rate mitigation approach, EPCOR proposed to extend the recovery of the remaining PGCVA credit balance for an additional 24 months beginning July 2022.

Parties and OEB staff wishing to file comments on the Application were required to file these comments with the OEB by June 15, 2022. OEB staff filed a letter of comment indicating that EPCOR's preferred approach was acceptable and recommended that it be approved. No other comments were filed. EPCOR filed replies on June 15, 2022, and on June 17, 2022 that responded to questions that were included in OEB staff's letter of comment.

On June 23, 2022, EPCOR filed a letter noting an error in the approved rate schedule for Rate 16 customers regarding the Energy Content Variance Account (ECVA) rate rider effective January 1, 2022 and requested a correction as part of the Application.

¹ EB-2008-0106

² EB-2022-0100

³ EB-2021-0309

The OEB approves the QRAM Application, including the preferred approach as proposed by EPCOR.

OEB Process for QRAM

The OEB has established a process for reviewing QRAM applications, which was last updated in 2014.⁴ This process requires distributors, one month in advance of the normal QRAM filing date, to complete a preliminary estimate of the change in the commodity portion of a typical residential customer's bill who purchases their natural gas supply from the distributor.

The preliminary estimate is based on a forecast of natural gas prices, including any true-ups for the difference between actual and forecast natural gas prices for prior periods. If a distributor anticipates an increase or decrease of 25% or more on the commodity portion of a typical residential customer's bill, the distributor must file a letter with the OEB describing the anticipated increase or decrease and the cost drivers underpinning the anticipated change. Where the change is an increase, the distributor must also propose a plan for rate mitigation.

On May 27, 2022, EPCOR filed a letter to inform the OEB that, based on market pricing trends, the gas commodity portion of the bill was expected to increase by more than 25% for sales service customers in South Bruce. EPCOR also stated that should the commodity bill increase be greater than 25% for an average residential customer, it planned to include a rate mitigation proposal.

⁴ EB-2014-0199, Review of the Quarterly Rate Adjustment Mechanism (August 14, 2014)

EPCOR'S PROPOSED APPROACHES

In this Application, EPCOR provided two potential approaches to implementing rate changes for the July 2022 QRAM.

For its preferred approach, EPCOR proposed no new mitigation measures and it would continue to recover the remaining PGCVA credit balance until the end of March 2023 (nine months remaining of the approved twelve-month period). The reference price for use in determining the amounts to be recorded in the PGCVA would increase from the previous OEB-approved level of \$0.206701 per m³ to \$0.341879 per m³. EPCOR also provided an alternative proposal with new rate mitigation measures for the OEB's consideration. In this approach, EPCOR would extend the recovery of the remainder of the PGCVA credit for an additional 24 months beginning July 2022 (the recovery will end in June 2024).

The table below shows the commodity and the total annual bill impacts of the two approaches on a typical residential sales service customer:

Table 1: Annual Bill Impacts of EPCOR's Proposed Approaches

	Commodity Bill		Total Bill	
	\$	%	\$	%
Preferred Approach (No new mitigation)	\$222.95	51.9%	\$222.95	13.0%
Rate Mitigation Approach (Remaining PGCVA recovered over additional 24 months)	\$185.45	43.2%	\$185.45	10.8%
Impact of Mitigation	(\$37.50)	-8.74%	(\$37.50)	-2.20%

EPCOR stated the following in support of the preferred approach:

- a) Even without any new rate mitigation measures, the commodity and total bill impacts are equal to or less than Enbridge Gas's July 2022 QRAM application after the adoption of Enbridge Gas's preferred rate mitigation approach.
- b) Natural gas prices could continue to rise, and additional rate mitigation measures at this time would delay increases to the October 2022 QRAM leading into the high consumption winter period.
- c) EPCOR's alternate rate mitigation approach to spread out the recovery of the remaining PGCVA credit over 24 months only leads to a small difference in the total bill impact.

- d) The preferred approach would represent a closer reflection of actual natural gas market prices, ensures consumers are receiving appropriate price signals, and is consistent with previous OEB findings.

EPCOR also requested OEB approval to remove the ECVA rate rider from the Rate 16 rate schedule and to include a proposal in its upcoming annual Custom IR update to rebate amounts billed to these specific customers.

Comments on the Application

Comments were received from OEB staff. OEB staff reviewed the two approaches filed by EPCOR and submitted that the OEB should approve EPCOR's preferred approach as filed.

OEB staff also noted that in the OEB's Decision and Rate Order for EPCOR South Bruce's April 2022 QRAM, the OEB stated that neither a 25% impact on the commodity portion of the bill nor a 10% impact on the total bill are considered caps or limits on the magnitude that customer bills may increase.

OEB staff submitted that EPCOR's preferred approach better reflects forecast natural gas market prices, relative to the rate mitigation approach, and ensures that consumers are receiving appropriate price signals.

OEB staff also submitted that, based on current natural gas market dynamics, it is appropriate that the OEB approve rates that result in total bill impacts that are higher than 10%. OEB staff submitted that additional rate mitigation could delay increases to October 2022 when there is higher natural gas consumption, and this may result in substantial bill increases at that time.

OEB staff calculated that the near-term impact of the rate mitigation approach, when compared to the preferred approach, reduces the total bill impact by a little more than \$1 per month. EPCOR in its reply letter on June 17, 2022, confirmed OEB staff's calculations.

OEB staff also commented on EPCOR's approach to customer notification of bill changes and asked EPCOR to describe the process for notifications. OEB staff submitted that, if EPCOR sends printed customer notices, EPCOR should address in a future QRAM application the value that printed notices provide. On June 15, 2022, EPCOR filed a reply letter confirming that printed customer notices are sent to customers who are not on electronic billing. Approximately 90% of customers are enrolled on electronic billing.

FINDINGS

The OEB approves EPCOR's preferred approach which continues the recovery of the remaining PGCVA credit balance until the end of March 2023 (nine months remaining) as approved in the April 2022 QRAM decision. The OEB finds the proposed reference price appropriate as it adjusts for the forecast cost of natural gas to better match the market price and brings the PGCVA balance close to zero over a twelve-month period.

The cost impact for a typical residential customer who uses 2,149 cubic metres of natural gas per year and who purchases its gas supply from EPCOR is an increase of approximately \$222.95 per year, for a total bill increase of about 13.0%.

With respect to its customer communication efforts, EPCOR has a variety of communication vehicles at its disposal and is encouraged to continue to consider all approaches in an ever-evolving field of customer interaction and communication.

The use of printed bill inserts is a customer communication option but shall no longer be considered a requirement. The OEB does not require EPCOR to file its approach for the use of bill inserts in a future application for approval by the OEB. EPCOR is expected to consult with OEB staff on QRAM communications to help enhance consumer understanding and to ensure there is a coordinated approach to communications.

The OEB approves the removal of the ECVA rate rider from the Rate 16 rate schedule. The OEB finds no need to delay the rectification of this error and directs EPCOR to rebate the incorrect amounts billed to these specific customers as soon as feasible. In its upcoming annual Custom IR update, EPCOR shall report back to the OEB on the details of this correction.

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. The rates approved for EPCOR South Bruce as part of the decision and rate order EB-2022-0100, dated March 30, 2022, shall be superseded by the rates as provided in Appendix A to this Decision and Rate Order.
2. The rates shall be effective July 1, 2022 and shall be implemented in EPCOR's first billing cycle commencing in July 2022.
3. The reference price for use in determining the amounts to be recorded in the Purchase Gas Commodity Variance Account (Account No.179-27) shall increase by \$0.135178 per m³ from the previous OEB approved level of \$0.206701 per m³ to **\$0.341879** per m³.
4. The balance in the Gas Purchase Rebalancing Account shall be prospectively cleared. The resulting gas supply charge will increase from the previous OEB-approved level of \$0.199961 per m³ to **\$0.303706** per m³ as noted in Appendix A to this Decision and Rate Order.
5. EPCOR shall rebate the incorrect amounts billed to the specific Rate 16 customers and report back to the OEB the details of the correction in its upcoming annual Custom IR update.
6. EPCOR must ensure its customers are made aware of the rate increase.
7. EPCOR shall pay the OEB's costs incidental to this proceeding upon receipt of the OEB's invoice.

ISSUED at Toronto, June 27, 2022

ONTARIO ENERGY BOARD

Nancy Marconi
Registrar

**APPENDIX A TO
DECISION AND RATE ORDER
OEB FILE NO. EB-2022-0174
DATED: June 27, 2022**

RATE 1 - General Firm Service

Applicability

Any customer in ENGLP's Southern Bruce Natural Gas System who is an end user and whose total gas requirements are equal to or less than 10,000 m³ per year.

Rate

Rates per m³ assume an energy content of 38.89MJ/m³

Bills will be rendered monthly and shall be the total of:

Monthly Fixed Charge ⁽¹⁾	\$27.27
Delivery Charge	
First 100 m ³ per month	28.1486 ¢ per m ³
Next 400 m ³ per month	27.5941 ¢ per m ³
Over 500 m ³ per month	26.7790 ¢ per m ³
Upstream Charges	
Upstream Recovery charge	1.4740 ¢ per m ³
Transportation and Storage charge	2.6982 ¢ per m ³
Rate Rider for Delay in Revenue Recovery	1.6330 ¢ per m ³
- effective for 10 years ending December 31, 2028	
ECVA Rate Rider	0.1403 ¢ per m ³
- effective for 12 months ending December 31, 2022	
CIACVA Rate Rider	0.5434 ¢ per m ³
- effective for 12 months ending December 31, 2022	
EFVA Rate Rider	0.5197 ¢ per m ³
- effective for 12 months ending December 31, 2022	
Federal Carbon Charge (if applicable) ⁽²⁾	9.79 ¢ per m ³
Gas Supply Charge	30.3706 ¢ per m ³

⁽¹⁾Aggregated within Monthly Fixed Charge is the amount of one dollar per month in accordance with Bill 32 and Ontario Regulation 24/19.

⁽²⁾ The Federal Carbon Charge is only "applicable" to 20% of the natural gas volumes used by eligible greenhouses, reducing their effective Federal Carbon Charge rate.

Direct Purchase Delivery

Where a customer elects under this Rate Schedule to directly purchase its gas from a supplier other than ENGLP, the supplier must qualify as a "gas marketer" under the *Ontario Energy Board Act, 1998*, and must enter into a T-Service Receipt Contract with ENGLP for delivery of gas to ENGLP at a receipt point listed on the upstream transportation contract that ENGLP has with the Upstream Service Provider ("**Ontario Delivery Point**"). T-Service Receipt Contract rates are described in Rate Schedule T1. Transportation and Storage charges may vary depending on the Ontario Delivery Point. Gas Supply Charges in this Rate Schedule are not applicable for Rate T1 customers.

Terms and Conditions of Service

The provisions in the “ENGLP Natural Gas Limited Partnership Southern Bruce Natural Gas Operations Conditions of Service” apply, as contemplated therein, to service under this Rate Schedule.

Effective: July 1, 2022

Implementation: All bills rendered on or after July 1, 2022

EB-2022-0174

RATE 6 – Large Volume General Firm Service

Applicability

Any customer in ENGLP's Southern Bruce Natural Gas System who is an end user and whose total gas requirements are greater than 10,000 m³ per year.

Rate

Rates per m³ assume an energy content of 38.89MJ/m³

Bills will be rendered monthly and shall be the total of:

Monthly Fixed Charge ⁽¹⁾	\$108.16	
Delivery Charge		
First 1000 m ³ per month	25.9678	¢ per m ³
Next 6000 m ³ per month	23.3710	¢ per m ³
Over 7000 m ³ per month	22.2023	¢ per m ³
Upstream Charges		
Upstream Recovery charge	2.9200	¢ per m ³
Transportation and Storage charge	5.6413	¢ per m ³
Rate Rider for Delay in Revenue Recovery	0.9090	¢ per m ³
- effective for 10 years ending December 31, 2028		
ECVA Rate Rider	0.1403	¢ per m ³
- effective for 12 months ending December 31, 2022		
CIACVA Rate Rider	0.7135	¢ per m ³
- effective for 12 months ending December 31, 2022		
EFVA Rate Rider	0.6608	¢ per m ³
- effective for 12 months ending December 31, 2022		
Federal Carbon Charge (if applicable) ⁽²⁾	9.79	¢ per m ³
Gas Supply Charge	30.3706	¢ per m ³

⁽¹⁾Aggregated within Monthly Fixed Charge is the amount of one dollar per month in accordance with Bill 32 and Ontario Regulation 24/19.

⁽²⁾ The Federal Carbon Charge is only "applicable" to 20% of the natural gas volumes used by eligible greenhouses, reducing their effective Federal Carbon Charge rate.

Direct Purchase Delivery

Where a customer elects under this Rate Schedule to directly purchase its gas from a supplier other than ENGLP, the customer or their agent must enter into a T-Service Receipt Contract with ENGLP for delivery of gas to ENGLP at a receipt point listed on the upstream transportation contract that ENGLP has with the Upstream Service Provider ("**Ontario Delivery Point**"). T-Service Receipt Contract rates are described in Rate Schedule T1. Transportation and Storage charges may vary depending on the Ontario Delivery Point. Gas Supply Charges in this Rate Schedule are not applicable for Rate T1 customers.

Terms and Conditions of Service

The provisions in the “ENGLP Natural Gas Limited Partnership Southern Bruce Natural Gas Operations Conditions of Service” apply, as contemplated therein, to service under this Rate Schedule.

Effective: July 1, 2022

Implementation: All bills rendered on or after July 1, 2022

EB-2022-0174

RATE 11 - Large Volume Seasonal Service

Applicability

Any customer in ENGLP's Southern Bruce Natural Gas System who is an end user and whose gas requirements are only during the period of May 1 through Dec 15 inclusive and are greater than 10,000 m³.

Rate

Rates per m³ assume an energy content of 38.89MJ/m³

Bills will be rendered monthly and shall be the total of:

Monthly Fixed Charge ⁽¹⁾	\$215.31
Delivery Charge	
All volumes delivered	16.1303 ¢ per m ³
Upstream Charges	
Upstream Recovery charge	0.0352 ¢ per m ³
Transportation and Storage charge	1.8166 ¢ per m ³
Rate Rider for Delay in Revenue Recovery	0.5524 ¢ per m ³
- effective for 10 years ending December 31, 2028	
ECVA Rate Rider	0.1403 ¢ per m ³
- effective for 12 months ending December 31, 2022	
CIACVA Rate Rider	0.0992 ¢ per m ³
- effective for 12 months ending December 31, 2022	
EFVA Rate Rider	0.1075 ¢ per m ³
- effective for 12 months ending December 31, 2022	
Federal Carbon Charge (if applicable) ⁽²⁾	9.79 ¢ per m ³
Gas Supply Charge	30.3706 ¢ per m ³

⁽¹⁾Aggregated within Monthly Fixed Charge is the amount of one dollar per month in accordance with Bill 32 and Ontario Regulation 24/19.

⁽²⁾ The Federal Carbon Charge is only "applicable" to 20% of the natural gas volumes used by eligible greenhouses, reducing their effective Federal Carbon Charge rate.

Unaccounted for Gas (UFG):

Forecasted UFG is applied to all volumes of gas delivered to the customer.

Forecasted Unaccounted for Gas Percentage	0.00 %
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Overrun Charges:

Any volume of gas taken during the period of December 16 through April 30 inclusive shall constitute “Overrun Gas” and must be authorized in advance by ENGLP. Delivery of these volumes is available at the Authorized Overrun Charge in addition to applicable Upstream Charges and Gas Supply Charges. ENGLP will not unreasonably withhold authorization.

Authorized Overrun Charge 16.8083 ¢ per m³

Any volume of gas taken during the period of December 16 through April 30 inclusive without ENGLP’s approval in advance shall constitute “Unauthorized Overrun Gas”. Delivery of these volumes will be paid for at the Unauthorized Overrun Charge in addition to applicable Upstream Charges and Gas Supply Charges.

Unauthorized Overrun Charge 402.5107 ¢ per m³

For any volume of Unauthorized Overrun Gas taken, the customer shall, in addition, indemnify ENGLP in respect of any penalties or additional costs imposed on ENGLP by its suppliers, any additional gas cost incurred or any sales margins lost as a consequence of the customer taking the unauthorized overrun volume.

Nominations:

Union Gas Limited will be the “Upstream Service Provider” to facilitate delivery and balancing of gas supplies to the ENGLP Southern Bruce Natural Gas System. For service under this Rate Schedule, the customer shall nominate for transportation of gas volumes for ultimate delivery to the customer. The customer agrees to nominate its daily gas volumetric requirement to ENGLP, or its designated agent, consistent with industry nomination standards including those nomination requirements of the Upstream Service Provider.

The customer shall nominate gas delivery daily based on its daily gas requirements plus the Forecasted UFG rate as set out in this Rate Schedule.

The nomination calculation shall equal:

$$[(\text{Daily volume of gas to be delivered}) * (1 + \text{Forecasted UFG})]$$

Customers may change daily nominations based on the nomination windows within a day as defined by ENGLP’s agreement with the Upstream Service Provider.

In the event nominations under this Rate Schedule do not match upstream nominations, the nomination will be confirmed at the upstream value.

Customers with multiple connections under this Rate Schedule may combine nominations at the sole discretion of ENGLP. For combined nominations the customer shall specify the quantity of gas to each meter installation (“Terminal Location”) and the order in which the gas is to be delivered to each Terminal Location.

Load Balancing:

Daily nominations provided by the customer shall be used for the purposes of day-to-day balancing as required under ENGLP’s arrangement with the Upstream Service Provider.

When a customer’s metered consumption on any day is different than the gas nominated for consumption by the customer on any day, this constitutes a “Daily Load Imbalance”. A “Cumulative Load Imbalance” occurs when the ongoing absolute value of Daily Load Imbalances are greater than zero.

To the extent that ENGLP incurs daily or cumulative load balancing charges, the customer will be responsible for its proportionate share of such charges. Charges related to these imbalances are as defined in ENGLP’s agreement with the Upstream Service Provider.

Direct Purchase Delivery

Where a customer elects under this Rate Schedule to directly purchase its gas from a supplier other than ENGLP, the customer or their agent must enter into a T-Service Receipt Contract with ENGLP for delivery of gas to ENGLP at a receipt point listed on the upstream transportation contract that ENGLP has with the Upstream Service Provider (“**Ontario Delivery Point**”). T-Service Receipt Contract rates are described in Rate Schedule T1. Transportation and Storage charges may vary depending on the Ontario Delivery Point. Gas Supply Charges in this Rate Schedule are not applicable for Rate T1 customers.

Terms and Conditions of Service

1. In any year, during the period of May 1 through December 15 inclusive, the customers shall receive continuous (“**Firm**”) service from ENGLP, except where impacted by events as specified in ENGLP Natural Gas Limited Partnership Southern Bruce Natural Gas Operations Conditions of Service including force majeure. During the period of December 16 through April 30 inclusive, any authorized overrun service shall be interruptible at the sole discretion of ENGLP. All service during the period December 16 through April 30 inclusive shall be subject to ENGLP’s prior authorization under the daily nomination procedures outlined in this Rate Schedule and shall constitute Overrun Gas.
2. To the extent that ENGLP’s Upstream Service Provider provides any seasonal or day-to-day balancing rights for ENGLP, the customer shall be entitled to a reasonable proportion of such balancing rights as determined by ENGLP from time to time. If the customer utilizes any of ENGLP’s seasonal or day-to-day balancing services or any other services available from the Upstream Service Provider, the customer agrees to comply with all balancing requirements imposed by the Upstream Service Provider. The customer also agrees to be liable for its share of any such usage limitations or restrictions, fees, costs or penalties associated with the usage of such services, including but not limited to any associated storage fees, daily or cumulative balancing fees or penalties, and gas commodity costs as determined by ENGLP, acting reasonably.
3. ENGLP receives upstream services under the Union Gas Limited M17 Rate Schedule. Details of this upstream arrangement and associated nomination standards and Load Balancing Arrangement are available at www.uniongas.com.
4. The provisions in the “ENGLP Natural Gas Limited Partnership Southern Bruce Natural Gas Operations Conditions of Service” apply, as contemplated therein, to service under this Rate Schedule.

Effective: July 1, 2022

Implementation: All bills rendered on or after July 1, 2022

EB-2022-0174

RATE 16 – Contracted Firm Service

Applicability

Any customer connected directly to ENGLP's Southern Bruce Natural Gas High Pressure Steel System and who enters into a contract with ENGLP for firm contract daily demand of at least 2,739m³.

Rate

Rates per m³ assume an energy content of 38.89MJ/m³

Bills will be rendered monthly and shall be the total of:

Monthly Fixed Charge ⁽¹⁾	\$1,576.78	
Delivery Charge		
Per m ³ of Contract Demand	107.4831	¢ per m ³
Upstream Charges		
Upstream Recovery charge per m ³ of Contract Demand	14.2434	¢ per m ³
Transportation charge per m ³ of Contract Demand		
Transportation from Dawn	18.2999	¢ per m ³
Transportation from Kirkwall	11.8480	¢ per m ³
Transportation from Parkway	11.8480	¢ per m ³
Rate Rider for Delay in Revenue Recovery	0.0601	¢ per m ³
- effective for 10 years ending December 31, 2028		
CIACVA Rate Rider	0.9603	Per m ³ of Contract Demand
- effective for 12 months ending December 31, 2022		
EFVA Rate Rider	0.7964	Per m ³ of Contract Demand
- effective for 12 months ending December 31, 2022		
Federal Carbon Charge (if applicable) ⁽²⁾	9.79	¢ per m ³

⁽¹⁾Aggregated within Monthly Fixed Charge is the amount of one dollar per month in accordance with Bill 32 and Ontario Regulation 24/19.

⁽²⁾ The Federal Carbon Charge is only "applicable" to 20% of the natural gas volumes used by eligible greenhouses, reducing their effective Federal Carbon Charge rate.

Unaccounted for Gas:

Forecasted Unaccounted for Gas (UFG) is applied to all volumes of gas delivered to the customer.

Forecasted Unaccounted for Gas Percentage 0.00 %

Overrun Charges:

Any volume of gas taken in excess of the daily Contract Demand or Peak Hourly Volume ENGLP is obligated to transport as per the contract with the customer shall constitute "Overrun Gas" and must be authorized in advance by ENGLP. Delivery of these volumes is available at the Authorized Overrun Charge in addition to applicable Upstream Charges. ENGLP will not unreasonably withhold authorization.

Authorized Overrun Charge 5.2526 ¢ per m³

Any volume of gas taken in excess of the daily Contract Demand or Peak Hourly Volume ENGLP is obligated to transport as per the contract with the customer without ENGLP's approval in advance shall constitute "Unauthorized Overrun Gas". Delivery of these volumes will be paid for at the Unauthorized Overrun Charge in addition to applicable Upstream Charges.

Unauthorized Overrun Charge 402.6142 ¢ per m³

For any volume of Unauthorized Overrun Gas taken, the customer shall, in addition, indemnify ENGLP in respect of any penalties or additional costs imposed on ENGLP by its suppliers, any additional gas cost incurred or any sales margins lost as a consequence of the customer taking the unauthorized overrun volume.

Nominations:

Union Gas Limited will be the "Upstream Service Provider" to facilitate delivery and balancing of gas supplies to the ENGLP Southern Bruce Natural Gas System. For service under this Rate Schedule, the customer shall nominate for transportation of gas volumes for ultimate delivery to the customer. The customer agrees to nominate its daily gas volumetric requirement to ENGLP, or its designated agent, consistent with industry nomination standards including those nomination requirements of the Upstream Service Provider.

The customer shall nominate gas delivery daily based on its daily gas requirements plus the Forecasted UFG rate and Fuel Ratio. The Forecasted UFG rate is as set out in this Rate Schedule. The Fuel Ratio is the Shipper Supplied Fuel rates applicable to the receipt point of gas defined in the "Gas Supply" section of this Rate Schedule.

The nomination calculation shall equal:

$$[(\text{Daily volume of gas to be delivered}) * (1 + \text{Forecasted UFG}) * (1 + \text{Fuel Ratio})]$$

Customers may change daily nominations based on the nomination windows within a day as defined by ENGLP's agreement with the Upstream Service Provider.

In the event nominations under this Rate Schedule do not match upstream nominations, the nomination will be confirmed at the upstream value.

Customers with multiple connections under this Rate Schedule may combine nominations at the sole discretion of ENGLP. For combined nominations the customer shall specify the quantity of gas to each meter installation ("Terminal Location") and the order in which the gas is to be delivered to each Terminal Location.

Load Balancing:

Daily nominations provided by the customer shall be used for the purposes of day-to-day balancing as required under ENGLP's arrangement with the Upstream Service Provider.

When a customer's metered consumption on any day is different than the gas nominated for consumption by the customer on any day, this constitutes a "Daily Load Imbalance". A "Cumulative Load Imbalance" occurs when the ongoing absolute value of Daily Load Imbalances are greater than zero.

To the extent that ENGLP incurs daily or cumulative load balancing charges, the customer will be responsible for its proportionate share of such charges. Charges related to these imbalances are as defined in ENGLP's agreement with the Upstream Service Provider.

Gas Supply:

Unless otherwise authorized by ENGLP, customers under this Rate Schedule must deliver firm gas at a receipt point listed on the upstream transportation contract that ENGLP has with the Upstream Service Provider ("**Ontario Delivery Point**"). The customer or their agent must enter into a T-Service Receipt Contract with ENGLP for delivery of gas to ENGLP. T-Service Receipt Contract rates are described in Rate Schedule T1.

The customer must deliver to ENGLP on a daily basis the volume of gas to be delivered to the customer's Terminal Location plus the Forecasted UFG rate and Fuel Ratio. Transportation charges vary depending on the Ontario Delivery Point at the rates provided in this Rate Schedule. The Forecasted UFG rate is as set out in this Rate Schedule, and the Fuel Ratio is the Shipper Supplied Fuel rates of the Ontario Delivery Point related to necessary compressor or other fuel requirements of the Upstream Service Provider.

The Gas Supply calculation shall equal:

$$[(\text{Daily volume of gas to be delivered}) * (1 + \text{Forecasted UFG}) * (1 + \text{Fuel Ratio})]$$

Terms and Conditions of Service

1. ENGLP receives upstream services under the Union Gas Limited M17 Rate Schedule. Details of this upstream arrangement and associated nomination standards, applicable Fuel Ratio, and Load Balancing Arrangement are available at www.uniongas.com.
2. The provisions in the "ENGLP Natural Gas Limited Partnership General Terms and Conditions for Rate 16 Customers" apply, as contemplated therein, to service under this Rate Schedule.

Effective: July 1, 2022

Implementation: All bills rendered on or after July 1, 2022

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RATE T1 – Direct Purchase Contract Rate

Availability

Rate T1 is available to all customers or their agent who enter into a T-Service Receipt Contract for delivery of gas to ENGLP. The availability of this option is subject to ENGLP obtaining a satisfactory agreement or arrangement with ENGLP's Upstream Service Provider for direct purchase volume.

Eligibility

All customers who must, or elect to, purchase gas directly from a supplier other than ENGLP. These customers must enter into a T-Service Receipt Contract with ENGLP either directly or through their agent, for delivery of gas to ENGLP at a receipt point listed on the upstream transportation contract that ENGLP has with the Upstream Service Provider ("**Ontario Delivery Point**").

Rate

All charges in the customer's appropriate Rate Schedule excluding Gas Supply Charge shall apply. Applicable Transportation and Storage charges are determined based on the Ontario Delivery Point.

In addition, administration fees apply to customers who elect to enter into a T-Service Receipt Contract with ENGLP and are detailed in the Direct Purchase Contract with the customer or its agent.

For gas delivered to ENGLP at any point other than the Ontario Delivery Point, ENGLP will charge the customer or their agent all approved tolls and charges incurred by ENGLP to transport the gas to the Ontario Delivery Point.

Unaccounted for Gas:

Forecasted Unaccounted for Gas (UFG) is applied to all volumes of gas supplied:

Forecasted Unaccounted for Gas Percentage	0.00 %
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Gas Supply:

Unless otherwise authorized by ENGLP, customers who are delivering gas to ENGLP under direct purchase arrangements must deliver firm gas at a daily volume acceptable to ENGLP, to an Ontario Delivery Point, and, where applicable, must acquire and maintain firm transportation on all pipeline systems upstream of Ontario.

The customer or its agent must deliver to ENGLP on a daily basis, at the Ontario Delivery Point, the volume of gas to be delivered to the customer's Terminal Location plus the Forecasted UFG rate and Fuel Ratio. Where the Forecasted UFG rate is as set out in this Rate Schedule, and the Fuel Ratio is the Shipper Supplied Fuel rates of the Ontario Delivery Point related to necessary compressor or other fuel requirements of the Upstream Service Provider.

The Gas Supply calculation shall equal:

$$[(\text{Daily volume of gas to be delivered}) * (1 + \text{Forecasted UFG}) * (1 + \text{Fuel Ratio})]$$

Terms and Conditions of Service

The provisions in the "T-Service Receipt Contract General Terms and Conditions" apply, as contemplated therein, to service under this Rate Schedule.

Effective: July 1, 2022

Implementation: All bills rendered on or after July 1, 2022

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ENGLP NATURAL GAS LIMITED PARTNERSHIP

Schedule of Miscellaneous and Service Charges

A	B
Service	Fee
1 Service Work	
2 During normal working hours	
3 Minimum charge (up to 60 minutes)	\$100.00
4 Each additional hour (or part thereof)	\$100.00
5 Outside normal working hours	
6 Minimum charge (up to 60 minutes)	\$130.00
7 Each additional hour (or part thereof)	\$105.00
8	
9 Miscellaneous Charges	
10 Returned Cheque / Payment	\$20.00
11 Replies to a request for account information	\$25.00
12 Bill Reprint / Statement Print Requests	\$20.00
13 Consumption Summary Requests	\$20.00
14 Customer Transfer / Connection Charge	\$35.00
15	
16 Reconnection Charge	\$85.00
17	
18 Inactive Account Charge	ENGLP's cost to install service
19	
20 Late Payment Charge	1.5% / month, 19.56% / year (effective rate of 0.04896% compounded daily)
21	
22	
23 Meter Tested at Customer Request Found to be Accurate	Charge based on actual costs
24 Installation of Service Lateral ⁽³⁾	No charge for the first 30 meters

Note: Applicable taxes will be added to the above charges

³ No Charge for initial connection