



Asha Patel
Technical Manager,
Regulatory Applications
Regulatory Affairs

Tel.: 416-495-5642
Email: EGIRegulatoryProceedings@enbridge.com

Enbridge Gas Inc.
500 Consumers Road
North York, Ontario
M2J 1P8
Canada

VIA RESS and EMAIL

September 16, 2022

Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, Ontario
M4P 1E4

Dear Nancy Marconi:

**Re: EB-2022-0219 – Enbridge Gas Inc. – October 1, 2022
Quarterly Rate Adjustment Mechanism (QRAM) Application**

On September 9, 2022, Enbridge Gas filed the October 1, 2022, QRAM Application with the Ontario Energy Board (OEB). Enbridge Gas has received a letter from Industrial Gas Users Association (IGUA) having no objection to the approval of EGI's application as filed.

Enbridge Gas also received questions from the Federation of Rental-housing Providers (FRPO) regarding the above noted application. Enclosed please find the responses of Enbridge Gas to the FRPO questions, set out as interrogatory responses.

Should you have any questions on this matter please contact the undersigned at 416-319-2534.

Sincerely,

(Original Digitally Signed)

Asha Patel
Technical Manager, Regulatory Applications

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

ENBRIDGE GAS INC.

Answer to Interrogatory from
Federation of Rental-Housing Providers (FRPO)

Interrogatory

Reference:

Exhibit A, Tab 3, Schedule 1, page 1, line 2.3

Questions:

Please provide the working papers that feed into the derivation of the load balancing costs.

- a) Please provide those working papers in an Excel format that maintains the integrity of links between worksheets so that one may follow the formulaic derivation of the costs.
- b) Please describe from EGI viewpoint, the drivers that have contributed to this rapid escalation in load balancing costs.

Response:

- a) As explained in Enbridge Gas's response to FRPO in the July 2022 QRAM¹, "*The OEB-approved methodology to recover load-balancing costs has been in place for the EGD rate zone prior to EB-2008-0106 (QRAM Generic Proceeding). This methodology reflects the service attributes and underlying gas supply portfolio in the EGD rate zone. EGI will include a proposal to harmonize this approach with its rebasing application.*" Until such time, Enbridge Gas will continue to use the existing methodologies to recover load balancing costs and has provided a brief summary explanation below.

On April 1, 2019 in Procedural Order No. 2 of Enbridge Gas's 2019 Annual Rate application (EB-2018-0305), the OEB determined that gas supply planning was out of scope for Enbridge Gas's annual rate applications, and directed Enbridge Gas to no longer include gas supply related-evidence for the EGD rate zone in annual rate applications.

Enbridge Gas no longer updates elements of the EGD rate zone's gas supply plan in rates on an annual basis. Enbridge Gas updates prices in the EGD rate zone

¹ EB-2022-0150, Exhibit I.FRPO.2.

quarterly through QRAM applications while holding the gas supply plan constant and captures variances between actuals and forecast in existing deferral and variance accounts.

The detailed Classification of Gas Costs to Operations can be found in Enbridge Gas Distribution Inc. 2018 Rate Adjustment Application: EB-2017-0086, Exhibit G2, Tab 6, Schedule 2, pages 1 to 3.

The determination of the changes in Gas Costs through the QRAM process is a mechanistic approach where Enbridge Gas updates the gas cost prices in the above working papers for the current QRAM and compares the total costs with the previous QRAM. Any changes in Gas Cost is captured and reflected in the current QRAM application.

- b) The Empress and PGVA reference prices are determined based on the future market prices over a 21-day period as per the OEB approved methodology. A comparison of the current and proposed Empress and PGVA reference prices are provided in Table 1.

Table 1
EGD Rate Zone QRAM Reference Prices

	October 2022 QRAM (\$/10 ³ m ³)	July 2022 QRAM (\$/10 ³ m ³)	Change	
			(\$/10 ³ m ³)	(%)
Empress reference price	273.318	273.514	(0.196)	-0.1%
PGVA reference price	350.554	330.493	20.061	6.1%
Price differential	77.236	56.979	20.257	35.6%

As discussed in Exhibit B, Tab 1, Schedule 1, page 1, there is a slight decrease in prices in Western Canada relative to the other North America Supply Basins, which are experiencing an increase when compared to the July Q3 2022 QRAM.

As outlined at Exhibit B, Tab 4, Schedule 1, for rate design purposes, the Empress reference price inclusive of fuel is used to design/set the gas supply charge. The cost of gas supply commodity is recovered from system gas customers. The slight decrease in the Empress reference price from the July 2022 QRAM to the October 2022 QRAM has resulted in a slight reduction to the gas supply charge.

The PGVA reference price has increased from the July 2022 QRAM July 1, 2022 as shown in Table 1. Given that the Empress reference price decreased, the basis differential between the PGVA and Empress reference price has increased. Consistent with longstanding OEB-approved methodologies, any price premium or

discount for gas supplies purchased at other supply hubs over the Empress reference price are classified as transportation (i.e. deemed transportation costs) and, in the case of delivered supplies, also to load balancing as peaking and seasonal. For the October 2022 QRAM, the price differential premium is resulting in an increase to the deemed transportation costs and load balancing related costs. If the price differential were a discount relative to the Empress reference price, this would have resulted in a reduction to the transportation rate and load balancing rates.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Federation of Rental-Housing Providers (FRPO)

Interrogatory

Reference:

Exhibit C, Tab 4, Schedule 6, pages 1-4, lines 1.4, 2.4 and 3.4

Preamble:

Each one of the line references in the Annual Bill Comparison designate load balancing billing impacts. We would like to understand the notation attributed to each of those lines.

Questions:

Each of the referenced lines is noted with "*The Load Balancing Charge shown here includes proposed transportation charges*".

- a) Please describe these proposed transportation charges.
- b) Please describe where these specific transportation charges are found in evidence and working papers.

Response:

- a) The transportation charges proposed for the current QRAM are derived using long standing OEB-approved methodologies. The Annual Bill Comparison presented at Exhibit C, Tab 4, Schedule 6, lines 1.4, 2.4 and 3.4 combines the impact of the load balancing and transportation rate changes from the existing QRAM rates¹ compared to the proposed QRAM rates for the EGD rate zone. Please see Exhibit A, Tab 3, Schedule 1, page 1, lines 2.3 and 2.5 for a breakdown of the load balancing and transportation rate impacts for a typical residential customer in the EGD rate zone.² As seen in Exhibit A, the load balancing rate impact is an increase of 41% and the transportation rate impact is an increase of 27.7%. Exhibit B, Tab 4, Schedule 1, paragraph 7 described the EGD methodology for setting its commodity, transportation and load balancing rates.

¹ Approved by the OEB in the July 2022 QRAM, EB-2022-0150.

² Exhibit A, Tab 3, Schedule 1 presents a total annual sales impact of \$44.92 prior to cost adjustments for a typical residential customer in the EGD rate zone with annual consumption of 2,400 m³. The bill impact prior to cost adjustments is comparable to that presented at Exhibit C, Tab 4, Schedule 7, page 2, line 4.7.

- b) The derivation of the transportation charges can be found at Exhibit C, Tab 4, Schedule 4, page 2 under the title Derivation of Transportation Charges. The proposed change in the transportation unit rates from the July QRAM can be found at Exhibit C, Tab 4, Schedule 3 which depicts the change in all components of the unit rates proposed with this QRAM application.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Federation of Rental-Housing Providers (FRPO)

Interrogatory

Reference:

Exhibit C, Tab 4, Schedule 10, page 4

Preamble:

The schedule depicts various components to the load balancing charges by rate class but does not provide a reference to the source. We would like to understand the source of these charges and the allocation methodology.

Questions:

If not already included in the response to question 1) above, please provide the source data that shows the source of the costs and the allocation methodology used in this schedule.

Response:

Exhibit C, Tab 4, Schedule 10, page 4 provides a summary of the Load Balancing rate component of the Rider C – Gas Cost Adjustment Rider. As seen in the summary, the total Load Balancing rate component of the Rider C is comprised of Peaking Supplies, Delivered Supplies and Curtailment Revenue.

Exhibit C Tab 4, Schedule 10, pages 8, 9 and 10, Col. 6 provides the source of the total unit rates shown on Schedule 10, page 4 for each of the components. Pages 8, 9 and 10 provide the unit rates for each quarter which comprise the four quarters which make up the overall total unit rate (Col. 6). The three previous quarters (Q1, Q2, Q3) are the unit rates approved in each of the three previous QRAM's. The current quarter (Q4) is the unit rate developed at pages 14, 15 and 16 which reflect the proposed disposition of the load balancing component of the projected PGVA balance (and true up amounts) effective October 1, 2022. The Notes on pages 14, 15 and 16 provide the source of the peaking supplies, delivered supplies and curtailment revenue October 1, 2022 PGVA balances for these components. Also contained in pages 14, 15 and 16 are the allocation factors used to allocate the PGVA balances for peaking supplies, delivered supplies and curtailment revenue. This allocation methodology is consistent with how the costs are allocated in cost allocation study which is used to develop the load balancing rates.