

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act*,
1998, S.O. 1998, c. 15, Sch. B;

AND IN THE MATTER OF an application by Enbridge
Gas Inc., for an order or orders for gas distribution rate
changes related to compliance obligations under the
Greenhouse Gas Pollution Pricing Act, S.C. 2018, c. 12,
s. 186.

APPLICATION

1. Enbridge Gas Inc. (Enbridge Gas), the Applicant, was formed by the amalgamation of Enbridge Gas Distribution Inc. and Union Gas Limited on January 1, 2019 pursuant to the *Ontario Business Corporations Act*, R.S.O. 1990, c. B. 16. Enbridge Gas carries on the business of distributing, transmitting and storing natural gas within Ontario.
2. On June 21, 2018, the *Budget Implementation Act, 2018, No. 1* received Royal Assent. Included in Part V is the *Greenhouse Gas Pollution Pricing Act*, S.C. 2018, c. 12, s. 186 (GGPPA). Under the GGPPA, a federal carbon pricing program (FCPP) applies in whole or in part to any province or territory that requested it or that did not have an equivalent carbon pricing system in place by January 1, 2019. On October 23, 2018, the federal government confirmed that the GGPPA would apply to Ontario.
3. Provinces or territories can submit their own carbon pricing systems to the federal government for approval, and if approved, are not subject to Part 1 and/or Part 2 of the GGPPA.
4. On September 21, 2020, the Province of Ontario announced that the federal government accepted Ontario's carbon pricing system for industrial emitters, known as the Ontario Emissions Performance Standards program (EPS), as an alternative to the federal Output-Based Pricing System (OBPS). On March 29, 2021, the federal government announced that effective January 1, 2022, the EPS will replace the OBPS

in Ontario. The GGPPA was amended on September 1, 2021, to remove Ontario from Part 2 of Schedule 1 of the GGPPA, enabling the EPS to take effect in Ontario as of January 1, 2022.

5. The FCPP is composed of two elements: (i) a charge on fossil fuels (the Federal Carbon Charge) imposed on distributors, importers and producers effective April 1, 2019, and increasing each year on April 1; and (ii) an EPS for prescribed industrial facilities effective January 1, 2022.
6. Enbridge Gas's operations as an integrated natural gas utility in Ontario fall under the purview of the GGPPA and EPS Regulation, which will result in the following costs being incurred:
 - a. Incremental administration and program costs;
 - b. Customer-related Federal Carbon Charge costs for volumes delivered by Enbridge Gas to its residential, commercial and industrial customers who are not covered under the EPS; and
 - c. Facility-related costs (Facility Carbon Charge) arising from Enbridge Gas's facilities and operation of its gas distribution system.
7. Enbridge Gas hereby applies to the OEB, pursuant to the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B (the Act), for:
 - a. an order or orders allowing it to charge customers a Federal Carbon Charge on a volumetric basis, in the amount of the Federal Carbon Charge required to be paid by Enbridge Gas pursuant to the GGPPA, effective April 1, 2023;
 - b. an order or orders approving or fixing just and reasonable rates for all Enbridge Gas rate zones (EGD, Union Northeast, Union Northwest and Union South),¹ effective April 1, 2023, to allow Enbridge Gas to recover

¹ Collectively, the Union Northeast, Union Northwest and Union South rate zones are referred to as the "Union rate zones".

other costs (including Facility Carbon Charge costs) incurred in compliance with the GGPPA and EPS Regulation;

- c. an order or orders approving the proposed rate change reflecting a common Facility Carbon Charge for all customers, effective January 1, 2024;² and
 - d. an order or orders approving the 2021 balances for all FCPP-related deferral and variance accounts, for all Enbridge Gas rate zones, as set out in Exhibit C and for an order to dispose of those balances as early as the April 1, 2023 QRAM.
8. Enbridge Gas further applies to the OEB for all necessary orders and directions concerning pre-hearing and hearing procedures for the determination of this application.
9. This application is supported by written evidence that has been filed with this application and may be amended from time to time as circumstances may require.
10. The persons affected by this application are the customers resident or located in the municipalities, police villages, Indigenous communities and Métis organizations served by Enbridge Gas, together with those to whom Enbridge Gas sells gas, or on whose behalf Enbridge Gas distributes, transmits or stores gas. It is impractical to set out in this application the names and addresses of such persons because they are too numerous.
11. Enbridge Gas requests that the OEB's review of this application proceed by way of written hearing in English.
12. Enbridge Gas requests that all documents relating to this application and its supporting evidence, including the responsive comments of any interested party, be served on Enbridge Gas and its counsel as follows:

² Refer to Exhibit D, Tab 1, Schedule 1 for more information on the proposal to implement a common Facility Carbon Charge for all customers, effective January 1, 2024.

The Applicant:

Attention: Asha Patel
Technical Manager, Regulatory Applications
Regulatory Affairs

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

Telephone: (416) 495-5642
Email: asha.patel@enbridge.com
EGRegulatoryProceedings@enbridge.com

The Applicant's Counsel:

Attention: Tania Persad
Associate General Counsel, Regulatory Law

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

Telephone: (416) 495-5891
Fax: (416) 495-5994
Email: tania.persad@enbridge.com

-and-

Attention: Guri Pannu
Senior Legal Counsel

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

Telephone: (416) 758-4761
Fax: (416) 495-5994
Email: guri.pannu@enbridge.com

Dated: September 29, 2022

Enbridge Gas Inc.

Asha Patel
Technical Manager, Regulatory Applications
Regulatory Affairs