Ontario Energy Board | Commission de l'énergie de l'Ontario

BY EMAIL

November 29, 2022

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

Dear Ms. Marconi:

Re: EB-2022-0194 2023 Federal Carbon Pricing Program Application

In accordance with Procedural Order #1, please find attached the Ontario Energy Board (OEB) staff interrogatories in the above proceeding. The applicant and intervenors have been copied on this filing.

Enbridge Gas Inc.'s responses to interrogatories are due by December 13, 2022.

Any questions relating to this letter should be directed to Vince Mazzone at vince.mazzone@oeb.ca or at 416-544-5159. The Board's toll-free number is 1-888-632-6273.

Yours truly,

Vince Mazzone
Digitally signed by Vince Mazzone
Date: 2022.11.29 09:51:15 -05'00'

Vince Mazzone
Application Policy & Conservation

Encl.

cc: All parties in EB-2022-0194

OEB Staff Interrogatories
Enbridge Gas Inc. (Enbridge Gas)
EB-2022-0194

Please note, Enbridge Gas is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff interrogatories and any other supporting documentation, 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*.

Staff-1
Ref 1: Exhibit A, Tab 2, Schedule 1, page 4

Enbridge Gas notes that *Greenhouse Gas Pollution Pricing Act* (GGPPA) has not been amended to include the Federal Carbon Charge rates from 2023 to 2030, however, the federal government released the rates for applicable provinces and territories in December 2021. It is anticipated that the GGPPA will be amended to include the 2023 to 2030 rates in the fall of 2022. Please provide the status on the amendment to the GGPPA.

Staff-2
Ref 1: Exhibit A, Tab 2, Schedule 1, pages 6-7

Enbridge Gas notes that the Emissions Performance Standards (EPS) Regulation currently only applies to the year 2022. The Ministry of the Environment, Conservation and Parks is engaging with stakeholders on the proposed amendments and targeting release of the finalized amendments to the EPS Regulation in the fall of 2022. Enbridge Gas further notes that changes to the EPS Regulation for 2023 may impact the costs incurred by Enbridge Gas in complying with the EPS.

a) Please provide the status on the amendments to the EPS Regulation.
b) Please provide details on how changes to the EPS Regulation in 2023 may impact the costs incurred by Enbridge Gas.

Staff-3
Ref 1: Exhibit A, Tab 2, Schedule 1, pages 13-19
Ref 2: Decision and Order, EB-2021-0209, page 10
Ref 3: Enbridge Gas 2024-2028 Rate Application (EB-2022-0200)

In this section, Enbridge Gas discusses its management of facility-related emissions and costs. The OEB's Decision and Order in Enbridge Gas's 2022 Federal Carbon Pricing Program (FCPP) application stated that "Enbridge Gas's next FCPP application set out in a comprehensive fashion the management of Enbridge Gas's own obligations that identifies its approaches towards achieving efficiencies and reduction of carbon emission related costs to its customers."

a) Please elaborate on the steps that Enbridge Gas took in response to the direction in the 2022 FCPP Decision and Order.
b) Please provide an update on the status of the emission reduction strategy being developed by Enbridge Gas resulting directly from Enbridge Gas's operations.
c) Please confirm that opportunities to reduce GHG emissions from fugitive and vented sources are included and discussed in Enbridge Gas's rebasing application.
d) Please explain the process Enbridge Gas will use as part of its GHG emissions reduction strategy to review identified opportunities on an annual basis.

Staff-4
Ref 1: Exhibit A, Tab 2, Schedule 1, page 18

Enbridge Gas anticipates that it will fulfill the remainder of its 2021 OBPS compliance obligation by paying the excess emissions charge of $40/tCO2e.

a) When does Enbridge Gas anticipate it will fulfill this obligation by?
b) Please explain whether these payments will have an impact on Enbridge Gas's 2021 DVA balances, and whether any differential in payments would carry over to Enbridge Gas's 2022 DVAs.

Staff-5
Ref 1: Exhibit C, Tab 1, Schedule 1, pages 5-6
Ref 2: Exhibit C, Tab 1, Schedule 1, page 11

Enbridge Gas states the number of Full Time Equivalents (FTEs) increased from 4.5 to 5.5 in June 2021 reflecting the resource requirements to facilitate compliance with the GGPPA, evaluate and procure eligible compliance units under the OBPS and the incremental effort required for regulations related to GHG emissions requirements including the federal Offset Regulation and protocols, and the Clean Fuel Regulation, as well as supporting Enbridge Gas in understanding and responding to new federal and provincial regulations related to GHG emission reductions.

For 2023, Enbridge Gas states that staffing costs are currently estimated to be approximately $1.45 million and are for the 6.5 FTEs that comprise the Carbon Strategy team in 2022 plus one additional FTE.

a) Please identify and explain the roles and responsibilities of the individuals who comprise the Carbon Strategy team.
b) Please explain whether the individuals on the Carbon Strategy team are solely allocated to work in relation Enbridge Gas's carbon pricing obligations under federal and provincial law.

Staff-6
Ref 1: Exhibit C, Tab 1, Schedule 1, page 7
Ref 2: Exhibit C, Tab 1, Schedule 1, page 13

Enbridge Gas notes that in its 2022 FCPP Application, Enbridge Gas updated its 2021 bad debt forecasts as there was an update to the forecasting methodology. The bad debt cost forecasts were updated to $2.74 million for 2021. Actual bad debt costs incurred in 2021 were $1.95 million.

Enbridge Gas estimates that it will incur approximately $5.16 million in incremental bad debt expenses in 2023 based on forecasted costs recoverable from customers as a result of the GGPPA and EPS Regulation. Enbridge Gas notes that ongoing COVID-19 related conditions may impact bad debt related to the GGPPA and EPS Regulation beyond what Enbridge Gas would typically forecast. However, Enbridge Gas further notes that since the pandemic started in 2020, it is important to recognize that bad debt is going up for reasons that go beyond the COVID-19 impacts and provides examples.

a) Please provide the supporting calculations used to forecast bad debt of $2.74 million for 2021.
b) Given the large increase forecasted for bad debt and the reasons outlined, please describe potential steps Enbridge Gas can take to reduce bad debt in the future.

Staff-7
Ref 1: Exhibit C, Tab 1, Schedule 1, page 9

In table 2, Enbridge Gas provides its 2021 regulated facility-related volumes/emissions and costs. The table shows that actual company use volumes in 2021 are much lower than forecast but there is no explanation on why this is the case. Please explain why actual company use volumes in 2021 were lower than forecast.