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**Enbridge Gas Inc.**  
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Canada

December 13, 2022

**VIA RESS AND EMAIL**

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

Dear Nancy Marconi:

**Re: Enbridge Gas Inc. (Enbridge Gas)  
Ontario Energy Board (OEB) File No.: EB-2022-0194  
2023 Federal Carbon Pricing Program Application  
Interrogatory Responses and Updated Evidence**

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In accordance with the OEB's Procedural Order No 1, dated November 14, 2022, enclosed please find the interrogatory responses of Enbridge Gas.

In addition to the interrogatory responses, Enbridge Gas has included an update to the footnotes provided on Exhibit A, Tab 2, Schedule 1 (Overview).

Exhibit	Update
A-2-1 Page 16, Footnotes 31 and 32	Footnotes 31 and 32 were inadvertently switched in the pre-filed evidence. They have now been corrected.

If you have any questions, please contact the undersigned.

Sincerely,

*(Original Signed)*

Asha Patel  
Technical Manager, Regulatory Applications

cc: EB-2022-0194 Intervenors

ENBRIDGE GAS INC.

Answer to Interrogatory from  
OEB Staff (STAFF)

Interrogatory

Reference:

Exhibit A, Tab 2, Schedule 1, page 4.

Question:

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.

Response:

Part 1 of the Greenhouse Gas Pollution Pricing Act (GGPPA) has not yet been amended to include the Federal Carbon Charge rates for listed provinces from 2023-2030.

On October 26, 2022, Environment and Climate Change Canada (ECCC) released the Order Amending the GGPPA in the *Canada Gazette*, Part II, establishing the carbon price under the Output-Based Pricing System (OBPS)<sup>1</sup> (Part 2 of the GGPPA) for the 2023 to 2030 period. This sets the 2023 rate at \$65 per tonne of CO<sub>2</sub>e, increasing by \$15 per tonne to reach \$170 per tonne of CO<sub>2</sub>e in 2030. This amendment to the GGPPA did not include an update to Schedule 2 of the GGPPA, which outlines the Federal Carbon Charge rates. ECCC has indicated that the GGPPA will be updated to reflect the Federal Carbon Charge rates for 2023 to 2030, but the exact timing was not confirmed.

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<sup>1</sup> Effective January 1, 2022, the Ontario Emissions Performance Standards (EPS) replaced the federal OBPS in Ontario.

ENBRIDGE GAS INC.

Answer to Interrogatory from  
OEB Staff (STAFF)

Interrogatory

Reference:

Exhibit A, Tab 2, Schedule 1, pages 6-7.

Question:

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.

Response:

- a) The Ministry of the Environment, Conservation and Parks (MECP) has not yet released the final amendments to the EPS Regulation for the 2023 to 2030 period.
- b) In October 2022, Environment and Climate Change Canada (ECCC) released an amendment to Part 2 of the Greenhouse Gas Pollution Pricing Act (GGPPA), updating the Global Warming Potential (GWP) values used in the quantification of greenhouse gas emissions effective January 1, 2023.<sup>1</sup> As the federal Output-Based Pricing System (Part 2 of the GGPPA) sets national benchmarks for the provincial programs, it is possible that the MECP may adopt the updated GWP values in the EPS, which would result in an increase in Enbridge Gas's forecasted 2023 compliance obligation of approximately \$0.01 million, representing a <1% increase.

The MECP's proposed amendments to the EPS for the 2023 to 2030 period include an annual declining stringency factor. The proposal stated that a decline rate of

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<sup>1</sup> Order Amending Schedule 3 to the Greenhouse Gas Pollution Pricing Act: SOR/2022-210, Government of Canada, October 26, 2022, <https://canadagazette.gc.ca/rp-pr/p2/2022/2022-10-26/html/sor-dors210-eng.html>

2.4% in 2023 from the stringency factors in 2022 would apply.<sup>2</sup> This decline rate was factored into Enbridge Gas's 2023 EPS forecast. If the final amendments instead maintain the stringency factor in the existing EPS Regulation, Enbridge Gas's forecasted 2023 EPS compliance obligation would decrease by approximately \$0.60 million.

Until the final EPS amendments to the EPS Regulation for the 2023-2030 period are released, the actual impacts on Enbridge Gas's estimated 2023 EPS compliance obligation, and therefore the potential cost impacts, are unknown. As stated in evidence, any cost impacts to the Facility Carbon Charge due to a change in the estimated EPS compliance obligation will be recorded in the Facility Carbon Charge Variance Accounts (FCCVAs) for future disposition.

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<sup>2</sup> Proposed Regulatory Amendments for EPS Program 2023-2030, August 2022, p. 16.  
<https://prod-environmental-registry.s3.amazonaws.com/2022-08/Proposed%20Regulatory%20Amendments%20for%20EPS%20Program%202023-2030.pdf>

ENBRIDGE GAS INC.

Answer to Interrogatory from  
OEB Staff (STAFF)

Interrogatory

Reference:

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

Question:

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.

Response:

- a) Enbridge Gas has taken steps to reduce the carbon facility-related emission costs to customers through two main ways: 1. Procurement of lower-cost compliance units, and 2. Reduction of facility-related emissions through the GHG Emissions Reduction Program. Further details of both are included below.

Procurement of Lower-Cost Compliance Units

To procure lower-cost compliance units, Enbridge Gas took the following steps:

- An emissions trading master agreement was developed.
- Consultants and energy marketers were engaged to help identify counterparties with eligible compliance units for sale.

- Once a counterparty was identified and an agreement was made on the framework for the transaction, Enbridge Gas confirmed the eligibility of the compliance units, and completed internal counterparty review and diligence.
- Conditional on successful internal review, Enbridge Gas entered into the agreement with the counterparty and upon completion of the contracting process, took possession of the compliance units.

As stated in the pre-filed evidence at Exhibit A, Tab 2, Schedule 1, page 18, Enbridge Gas procured Credits and eligible Recognized Units, at a cost savings of \$0.09 million, which is reflected in the FCCVAs. Enbridge Gas was not able to identify further counterparties with Credits or eligible Recognized Units for sale.

#### GHG Emissions Reduction Program

To support Enbridge Gas's commitment to reducing Scope 1 and 2 GHG emissions, including facility-related GHG emissions covered under the FCPP, Enbridge Gas established a Scope 1 and 2 GHG Emissions Reduction Program. Details of this program have been provided in Enbridge Gas's 2024 Rate Rebasing application.<sup>1</sup> Specifically related to facility-related emissions covered under the FCPP and EPS, Enbridge Gas has implemented Storage and Transmission Operations (STO) Online Monitoring and Air Filter Replacements for Turbines.

- b) The status of the opportunities included the emissions reduction strategy remain as indicated in the pre-filed evidence at Exhibit A, Tab 2, Schedule 1, pp. 15 to 16.
- c) Confirmed.
- d) Enbridge Gas will review and assess emission reduction opportunities on an annual basis. Opportunities will be assessed for cost-effectiveness, technical feasibility and emission reduction potential. Opportunities that meet these criteria will be reviewed for implementation at the executive level in accordance with the governance structure. The annual update of the GHG emission reduction strategy will begin in January 2023.

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<sup>1</sup> EB-2022-0200 (October 31, 2022), Exhibit 1, Tab 10, Schedule 8.

ENBRIDGE GAS INC.

Answer to Interrogatory from  
OEB Staff (STAFF)

Interrogatory

Reference:

Exhibit A, Tab 2, Schedule 1, page 18.

Question:

Enbridge Gas anticipates that it will fulfill the remainder of its 2021 OBPS compliance obligation by paying the excess emissions charge of \$40/tCO<sub>2</sub>e.

- 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.

Response:

- a) Enbridge Gas fulfilled its 2021 Output-Based Pricing System (OBPS) compliance obligation on December 8, 2022, prior to the December 15, 2022 compliance deadline.
- b) Enbridge Gas's total cost related to its 2021 OBPS compliance obligation is recorded in the 2021 Facility Carbon Charge – Variance Accounts (FCCVAs). The final compliance payment does not impact the 2021 DVA balances outlined in evidence, and it will not impact the 2022 DVAs.

ENBRIDGE GAS INC.

Answer to Interrogatory from  
OEB Staff (STAFF)

Interrogatory

Reference:

Exhibit C, Tab 1, Schedule 1, pages 5-6  
Exhibit C, Tab 1, Schedule 1, page 11

Question:

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.

Response:

- a) Table 1 below outlines the roles and responsibilities of the FTEs that comprise the Carbon Strategy team.



Table 1  
FTEs Roles And Responsibilities - Carbon Strategy Team

Role	Number of FTEs	Responsibilities
Director	0.5	Overall accountability for all aspects of the Carbon Strategy team.
Manager	1	Leads the Federal Carbon Pricing Program (FCPP), including reviewing and approving FCPP related compliance reporting and remittance, and work related to understanding the impacts of federal and provincial regulations related to greenhouse gas (GHG) requirements for Enbridge Gas.
Specialist	3	Accountable for analysis of the impacts of federal, provincial and municipal policies and regulations related to GHG emissions, climate change and energy transition for Enbridge Gas. This includes understanding how emerging low-carbon technologies and fuels, such as RNG and hydrogen, can be used to reduce GHG emissions and lower carbon pricing costs. Participate in government consultation for policy development and regulation amendments associated with federal and provincial regulations related to GHG emissions. Lead development of energy transition plans that incorporate the impacts of federal and provincial regulations related to GHG emissions.
Advisor	2	Responsible for FCPP related compliance reporting and remittance, customer registration and communications, annual regulatory requirements, credit procurement process, government consultation submissions for FCPP-related policy development and regulation amendments. Supports specialists' activities listed above.

- b) The individuals on the Carbon Strategy team are not solely allocated to work related to Enbridge Gas's carbon pricing obligations, however they are allocated solely to work associated with the impacts of federal and provincial regulations related to GHG emissions requirements for Enbridge Gas. All of the FTEs listed above are included in the deferral account as the roles and accountabilities are incremental to what is included in base rates.

ENBRIDGE GAS INC.

Answer to Interrogatory from  
OEB Staff (STAFF)

Interrogatory

Reference:

Exhibit C, Tab 1, Schedule 1, page 7  
Exhibit C, Tab 1, Schedule 1, page 13

Question:

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.

Response:

- a) As discussed in EB-2021-0209, EGI 2022 Federal Carbon Pricing Program (FCPP) Application, Interrogatory Responses, Exhibit I.VECC.7, the updated Federal Carbon bad debt forecasting methodology is as follows:

2021 FCPP Charges Billed =  
2021 Customer Volumes Subject to FCPP x Federal Carbon Charge Rate

2021 % of Bill Related to FCPP =  
2021 FCPP Charges Billed ÷ Total Company Revenue (including FCPP charges)

2021 Federal Carbon Bad Debt =  
2021 % of Bill Related to FCPP x 2021 Company Bad Debt

Using the above forecasting methodology, the supporting calculations for the 2021 bad debt forecast of \$2.74 million is below.

#### EGD Rate Zone

Table 1: 2021 Forecasted FCPP Charges Billed

	Customer-Related (10 <sup>3</sup> m <sup>3</sup> )	Facility-Related – Own Use (10 <sup>3</sup> m <sup>3</sup> )	Facility-related – OBPS (tCO <sub>2</sub> e)	Federal Carbon Charge Rate	2021 FCPP Charge Billed (\$ millions)
Jan – Mar 2021	5,008,172	2,707		\$0.0587/m <sup>3</sup>	294.14
Apr – Dec 2021	5,631,654	3,749		\$0.0783/m <sup>3</sup>	441.25
Jan – Dec 2021			14,169	\$40/tCO <sub>2</sub> e	0.57
Total					735.96

2021 Forecasted % of Bill Related to FCPP =  
\$735.96 million ÷ (\$2,594.83 million + \$735.96 million) = 22.10%

2021 Forecasted Federal Carbon Bad Debt =  
22.10% x \$8.25 million = \$1.82 million

#### Union Rate Zones

Table 2: 2021 Forecasted FCPP Charges Billed

	Customer-Related (10 <sup>3</sup> m <sup>3</sup> )	Facility-Related – Own Use (10 <sup>3</sup> m <sup>3</sup> )	Facility-related – OBPS (tCO <sub>2</sub> e)	Federal Carbon Charge Rate	2021 FCPP Charge Billed (\$ millions)
Jan – Mar 2021	2,955,943	5,552		\$0.0587/m <sup>3</sup>	173.84
Apr – Dec 2021	3,700,139	8,954		\$0.0783/m <sup>3</sup>	290.42
Jan – Dec 2021			84,861	\$40/tCO <sub>2</sub> e	3.39
Total					467.66

2021 Forecasted % of Bill Related to FCPP =  
\$467.66 million ÷ (\$1,559.05 million + \$467.66 million) = 23.07%

2021 Forecasted Federal Carbon Bad Debt =  
23.07% x \$4.00 million = \$0.92 million

Total 2021 Forecasted Federal Carbon Bad Debt for EGI = \$2.74 million

- b) The provision for bad debt recognizes that not all billings will be collected due to customer default which is driven by weather, commodity prices and economic factors (inflation, unemployment, etc.). The level of bad debt is directly correlated with fluctuating receivables, consumer indebtedness and level of collection efforts to manage the amount of customer write-offs. The Company will continue to manage bad debt expense by applying targeted collections activity to improve collections performance and drive reductions in bad debt expense.

ENBRIDGE GAS INC.

Answer to Interrogatory from  
OEB Staff (STAFF)

Interrogatory

Reference:

Exhibit C, Tab 1, Schedule 1, page 9

Question:

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.

Response:

Actual company use volumes in 2021 are much lower than forecast due to an error in the 2021 forecast, in which incorrect heating degree day factors were used to calculate the 2021 forecast company use volumes. The volumetric difference between the actual company use volumes and forecast company use volumes, is captured in the calculations of the 2021 Facility Carbon Charge – Variance Accounts (FCCVAs) that Enbridge Gas is seeking disposition of in this application.

Table 2 at Exhibit C, Tab 1, Schedule 1, page 9 of the pre-filed evidence has been updated below to reflect the update to the 2021 company use forecast.

Table 2<sup>1</sup>  
2021 Regulated Facility-Related Volumes/Emissions and Costs

	<u>Updated</u> 2021 Forecasted Volumes & Emissions	<u>Updated</u> 2021 Forecasted Costs (\$millions)	2021 Actual Volumes & Emissions	2021 Actual Costs (\$millions)	Variance (\$millions)
Company Use	16,776 10 <sup>3</sup> m <sup>3</sup>	1.31	13,847 10 <sup>3</sup> m <sup>3</sup>	0.95	(0.36)
OBPS	99,030 tCO <sub>2</sub> e	3.96	80,806 tCO <sub>2</sub> e	3.14	(0.82)
Total	-	5.27	-	4.09	(1.18)

<sup>1</sup> Only volumes/emissions and associated costs related to regulated utility operations are included.

The main driver for the variance between the actual company use volumes and the updated forecast company use volumes is warmer weather, as it was approximately 10% warmer across all rate zones in 2021 than what was forecast.

ENBRIDGE GAS INC.

Answer to Interrogatory from  
Canadian Manufacturers & Exporters (CME)

Interrogatory

Reference:

Exhibit A, Tab 2, Schedule 1, p. 16 of 20.

Question:

At page 16, table 3, EGI outlined the alternatives for facility related emissions reductions that it does currently believe are feasible. It estimates the capital costs of compressor fuel switching and own use gas fuel switching to RNG blend as costing \$0 in capital costs, as well as \$0.7 million per year and \$127 million per year in incremental O&M costs respectively.

- a) Please describe what additional O&M activities would be required, and break out the cost of each activity to show how the O&M costs for both were arrived at.
- b) CME wishes to better understand how EGI calculated the cost per tonne of GHG emissions. CME would specifically like to understand how the compressor fuel switch to RNG project, which has a higher forecast emissions reduction, an equivalent capital cost, and a lower forecast incremental O&M cost compared to the own use gas initiative could have the equivalent \$/tonne saving. Could EGI therefore please show all of its calculations relating to rows 4 and 5 of Table 3.

Response:

- a) No additional O&M activities are required. The O&M costs for both the compressor fuel switch to RNG and the own use gas fuel switching opportunities are the incremental costs for purchasing the RNG over conventional natural gas.
- b) Enbridge Gas notes that footnotes 31 and 32 were inadvertently switched in the pre-filed evidence. Footnote 31 applies to the compressor fuel switch to RNG opportunity, whereas footnote 32 applies to the own use gas fuel switching opportunity. Enbridge Gas has filed a correction to the evidence along with the interrogatory responses.

The analysis for both the compressor fuel switch to RNG and the own use gas fuel switching opportunities were updated post the application submission. Item 4 and 5 of Table 3 in Exhibit A, Tab 2, Schedule1 have been updated below to reflect this.

Opportunity		Total Estimated Capital Cost (\$millions)	Estimated Emissions Reductions – 2021 (tCO <sub>2</sub> e)	Forecasted Emissions Reductions – 2023 (tCO <sub>2</sub> e)	Forecasted Emissions Reductions – 10-yr Cumulative (tCO <sub>2</sub> e)	Cost per Tonne of GHG Emissions (\$/tCO <sub>2</sub> e)
4	Compressor Fuel Switch to RNG	0 <sup>1</sup>	N/A	N/A	293,000	161
5	Own Use Gas Fuel Switch to RNG Blend (5%)	0 <sup>2</sup>	N/A	N/A	1,600	154

DCF analyses for the compressor fuel switch to RNG and the own use gas fuel switching opportunities are provided in Attachment 1 and 2 respectively.

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<sup>1</sup> It is estimated that the incremental O&M costs will be approximately \$127 million/year once fully implemented.

<sup>2</sup> It is estimated that the incremental O&M costs will be approximately \$0.7 million/year once fully implemented.



DCF - Compressor Fuel Switch to RNG																								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
Start of Period	1-Jul-2022	1-Jul-2023	1-Jul-2024	1-Jul-2025	1-Jul-2026	1-Jul-2027	1-Jul-2028	1-Jul-2029	1-Jul-2030	1-Jul-2031	1-Jul-2032	1-Jul-2033	1-Jul-2034	1-Jul-2035	1-Jul-2036	1-Jul-2037	1-Jul-2038	1-Jul-2039	1-Jul-2040	1-Jul-2041	1-Jul-2042	1-Jul-2043	1-Jul-2044	1-Jul-2045
End of Period	30-Jun-2024	30-Jun-2024	30-Jun-2025	30-Jun-2026	30-Jun-2027	30-Jun-2028	30-Jun-2029	30-Jun-2030	30-Jun-2031	30-Jun-2032	30-Jun-2033	30-Jun-2034	30-Jun-2035	30-Jun-2036	30-Jun-2037	30-Jun-2038	30-Jun-2039	30-Jun-2040	30-Jun-2041	30-Jun-2042	30-Jun-2043	30-Jun-2044	30-Jun-2045	30-Jun-2046
Cash Inflows																								
Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
O&M Expense	-	-	-	-	(6,345,581)	(25,381,733)	(63,452,860)	(63,451,397)	(126,899,829)	(126,899,829)	(126,899,829)	(126,899,829)	(126,899,829)	(126,899,829)	(126,899,829)	(126,899,829)	(126,899,829)	(126,899,829)	(126,899,829)	(126,899,829)	(126,899,829)	(126,899,829)	(126,899,829)	(126,899,829)
Income Tax Expense	-	-	-	-	1,681,579	6,726,159	16,814,618	33,628,455	33,628,455	33,628,455	33,628,455	33,628,455	33,628,455	33,628,455	33,628,455	33,628,455	33,628,455	33,628,455	33,628,455	33,628,455	33,628,455	33,628,455	33,628,455	33,628,455
Total Cash Inflows	-	-	-	-	(4,664,002)	(18,655,574)	(46,637,852)	(46,636,770)	(93,271,374)	(93,271,374)	(93,271,374)	(93,271,374)	(93,271,374)	(93,271,374)	(93,271,374)	(93,271,374)	(93,271,374)	(93,271,374)	(93,271,374)	(93,271,374)	(93,271,374)	(93,271,374)	(93,271,374)	(93,271,374)
Cash Outflows																								
Capital Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in Working Capital	-	-	-	-	320,533	961,569	1,923,079	(74)	3,204,958	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Outflows	-	-	-	-	320,533	961,569	1,923,079	(74)	3,204,958	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net CF Undiscounted	-	-	-	-	(4,984,535)	(19,617,143)	(48,560,932)	(46,636,695)	(96,476,333)	(93,271,374)	(93,271,374)	(93,271,374)	(93,271,374)	(93,271,374)	(93,271,374)	(93,271,374)	(93,271,374)	(93,271,374)	(93,271,374)	(93,271,374)	(93,271,374)	(93,271,374)	(93,271,374)	(93,271,374)
Net CF Cumulative (Undiscounted)	-	-	-	-	(4,984,535)	(24,601,678)	(73,162,610)	(119,799,305)	(216,275,638)	(309,547,012)	(402,818,387)	(496,089,761)	(589,361,135)	(682,632,509)	(775,903,884)	(869,175,258)	(962,446,632)	(1,055,718,006)	(1,148,989,381)	(1,242,260,755)	(1,335,532,129)	(1,428,803,504)	(1,522,074,878)	(1,615,346,252)
Cum'l'tive PV Net Inflow	-	-	-	-	(3,781,506)	(18,218,530)	(52,662,662)	(85,537,848)	(148,293,260)	(208,191,525)	(265,355,426)	(319,916,751)	(371,993,992)	(421,700,245)	(469,137,400)	(514,414,822)	(557,630,841)	(598,879,307)	(638,244,775)	(675,818,000)	(711,680,579)	(745,910,397)	(778,577,619)	(809,757,557)
Cum'l'tive PV Net Capital	-	-	-	-	265,993	1,027,616	2,481,282	2,481,229	4,688,298	4,688,298	4,688,298	4,688,298	4,688,298	4,688,298	4,688,298	4,688,298	4,688,298	4,688,298	4,688,298	4,688,298	4,688,298	4,688,298	4,688,298	4,688,298
Cumulative NPV of Cash Flows	-	-	-	-	(4,047,498)	(19,246,147)	(55,143,945)	(88,019,077)	(152,981,558)	(212,879,823)	(270,043,724)	(324,605,049)	(376,682,290)	(426,388,543)	(473,825,698)	(519,103,120)	(562,319,138)	(603,567,605)	(642,933,072)	(680,506,297)	(716,368,877)	(750,598,695)	(783,265,916)	(814,445,855)
Project NPV, Proj Life Years = 20	(814,445,855)																							

DCF - Own Use Gas RNG																								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
Start of Period	1-Jul-2022	1-Jul-2023	1-Jul-2024	1-Jul-2025	1-Jul-2026	1-Jul-2027	1-Jul-2028	1-Jul-2029	1-Jul-2030	1-Jul-2031	1-Jul-2032	1-Jul-2033	1-Jul-2034	1-Jul-2035	1-Jul-2036	1-Jul-2037	1-Jul-2038	1-Jul-2039	1-Jul-2040	1-Jul-2041	1-Jul-2042	1-Jul-2043	1-Jul-2044	1-Jul-2045
End of Period	30-Jun-2023	30-Jun-2024	30-Jun-2025	30-Jun-2026	30-Jun-2027	30-Jun-2028	30-Jun-2029	30-Jun-2030	30-Jun-2031	30-Jun-2032	30-Jun-2033	30-Jun-2034	30-Jun-2035	30-Jun-2036	30-Jun-2037	30-Jun-2038	30-Jun-2039	30-Jun-2040	30-Jun-2041	30-Jun-2042	30-Jun-2043	30-Jun-2044	30-Jun-2045	30-Jun-2046
<b>Cash Inflows</b>																								
Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
O&M Expense	-	-	-	-	(133,687)	(267,368)	(401,042)	(534,710)	(668,371)	(668,371)	(668,371)	(668,371)	(668,371)	(668,371)	(668,371)	(668,371)	(668,371)	(668,371)	(668,371)	(668,371)	(668,371)	(668,371)	(668,371)	(668,371)
Income Tax Expense	-	-	-	-	35,427	70,853	106,276	141,698	177,118	177,118	177,118	177,118	177,118	177,118	177,118	177,118	177,118	177,118	177,118	177,118	177,118	177,118	177,118	177,118
Total Cash Inflows	-	-	-	-	(98,260)	(196,516)	(294,766)	(393,012)	(491,253)	(491,253)	(491,253)	(491,253)	(491,253)	(491,253)	(491,253)	(491,253)	(491,253)	(491,253)	(491,253)	(491,253)	(491,253)	(491,253)	(491,253)	(491,253)
<b>Cash Outflows</b>																								
Capital Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in Working Capital	-	-	-	-	6,753	6,753	6,752	6,752	6,752	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Outflows	-	-	-	-	6,753	6,753	6,752	6,752	6,752	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net CF Undiscounted	-	-	-	-	(105,013)	(203,268)	(301,518)	(399,764)	(498,004)	(491,253)	(491,253)	(491,253)	(491,253)	(491,253)	(491,253)	(491,253)	(491,253)	(491,253)	(491,253)	(491,253)	(491,253)	(491,253)	(491,253)	(491,253)
Net CF Cumulative (Undiscounted)	-	-	-	-	(105,013)	(308,281)	(609,800)	(1,009,564)	(1,507,568)	(1,998,821)	(2,490,073)	(2,981,326)	(3,472,579)	(3,963,831)	(4,455,084)	(4,946,337)	(5,437,589)	(5,928,842)	(6,420,095)	(6,911,348)	(7,402,600)	(7,893,853)	(8,385,106)	(8,876,358)
Cum'litive PV Net Inflow	-	-	-	-	(79,668)	(231,746)	(449,444)	(726,486)	(1,057,013)	(1,372,493)	(1,673,570)	(1,960,940)	(2,235,227)	(2,497,026)	(2,746,873)	(2,985,346)	(3,212,961)	(3,430,213)	(3,637,548)	(3,835,443)	(4,024,328)	(4,204,614)	(4,376,669)	(4,540,892)
Cum'litive PV Net Capital	-	-	-	-	5,604	10,952	16,056	20,928	25,577	25,577	25,577	25,577	25,577	25,577	25,577	25,577	25,577	25,577	25,577	25,577	25,577	25,577	25,577	25,577
Cumulative NPV of Cash Flows	-	-	-	-	(85,272)	(242,698)	(465,500)	(747,414)	(1,082,591)	(1,398,070)	(1,699,148)	(1,986,518)	(2,260,804)	(2,522,603)	(2,772,451)	(3,010,923)	(3,238,538)	(3,455,791)	(3,663,125)	(3,861,020)	(4,049,906)	(4,230,191)	(4,402,247)	(4,566,469)
Project NPV, Proj Life Years = 20	(4,566,469)																							

ENBRIDGE GAS INC.

Answer to Interrogatory from  
Canadian Manufacturers & Exporters (CME)

Interrogatory

Reference:

Exhibit A, Tab 2, Schedule 1, p. 18.

Question:

At page 18, EGI stated "If Enbridge Gas procures EPU's at a lower price than the excess emissions charge, the difference between these two costs will be recorded in the FCCVAs and Enbridge Gas will seek to dispose of those amounts through a future FCPP application.

- a) Please confirm whether EGI is forecasting the procurement of any EPU's at a lower price than the excess emissions charge, or if the current forecast is that 0 EPU's will be confirmed, with the result that if any are procured, they will be recorded in the FCCVAs.
- b) If EGI is not forecasting the purchase of EPU's in 2023, please explain why in greater detail. As CME understands the evidence provided, EPU's may be more limited in 2023, but will still be open for entities to purchase on the market at a cost that will be less than the emissions charge.

Response:

- a) Consistent with the forecasting method used in prior federal carbon pricing program (FCPP) applications and approved by the OEB, the 2023 forecast does not include the procurement of any lower-cost compliance units, which in the case of the Ontario Emissions Performance Standards program (EPS) is Submit emissions performance units (EPU's). Enbridge Gas confirms that if EPU's are procured, the cost differential will be recorded in the Facility Carbon Charge Variance Account (FCCVAs).
- b) Enbridge Gas has based the forecasts on the excess emissions charge due to uncertainty of the availability of EPU's. The supply of EPU's sold into the market may be limited, especially in the earlier years of the EPS program due to the factors outlined in the pre-filed evidence at Exhibit A, Tab 2, Schedule 1, page 18. Although EPU's are not included in the 2023 EPS forecast, Enbridge Gas will seek opportunities to procure EPU's at a cost less than the excess emissions charge.

ENBRIDGE GAS INC.

Answer to Interrogatory from  
Canadian Manufacturers & Exporters (CME)

Interrogatory

Reference:

Exhibit A, Tab 2, Schedule 1, p. 19.

Question:

At page 19, EGI stated “Additional administrative costs may be incurred, such as increased staffing, and legal and consulting costs, in order to pursue and acquire EPU’s.”

At page 11, EGI stated “For 2023, staffing costs are currently estimated to be approximately \$1.45 million. These fully allocated costs are for the 6.5 FTEs that comprise the Carbon Strategy team in 2022 plus one additional FTE. This level of staffing reflects the incremental level of effort Enbridge Gas has experienced to date and expects to continue in order to facilitate compliance with the GGPPA and EPS Regulation in 2023, including the incremental effort to evaluate and procure EPU’s, as well as to support the Company in understanding and responding to new federal and provincial regulations related to GHG emission reductions.”

- a) Please elaborate on why EGI is of the view that incremental effort will be required to evaluate and procure EPU’s and support EGI’s understanding of regulations when the previous years have required EGI’s administrative staff to evaluate other measures (such as OBPS offsets and eligible Recognized Units) and navigate significant changes to the regulation of carbon (such as the switch from the OBPS to EPS).

Response:

Enbridge Gas states that additional administrative costs such as increased staffing **“may be incurred” (emphasis added)** due to the incremental effort required to evaluate and acquire Emissions Performance Units (EPU’s), but it is just one example of the possible circumstances that could require additional resources.

Procuring compliance units, regardless of whether it’s under the federal Output-based pricing system (OBPS) or provincial Ontario Emissions Performance Standards program (EPS), requires significantly more time and effort than paying the excess emissions charge to satisfy the respective compliance obligation.

Since the EPS is a new program and the EPU market is still uncertain, the level of effort required to potentially procure EPUs is unknown. If there is availability of EPUs in the future, there is potential for additional effort to be required in order to execute transactions.

Additionally, Enbridge Gas has seen a sharp increase in the number and complexity of climate regulations being released at all levels of government that impact Enbridge Gas's greenhouse gas emission requirements. The Company anticipates as new regulations and policies are enacted, it is possible that additional resources will be needed to ensure compliance. The number of FTEs has been forecasted based on the climate policies known as of the time the application was filed. As stated in the pre-filed evidence, Enbridge Gas will only record actual 2023 costs, including actual staffing resources, in the Greenhouse Gas Emissions Administration Deferral Account (GGEADAs) and will seek recovery of actual 2023 administration costs in a future proceeding.

ENBRIDGE GAS INC.

Answer to Interrogatory from  
Canadian Manufacturers & Exporters (CME)

Interrogatory

Reference:

Exhibit C, Tab 1, Schedule 1, p. 4; Exhibit C, Tab 1, Schedule 1, p. 10.

Question:

- a) Please provide a single table that includes EGI's actual administration costs for 2019-2021, its 2022 actuals to date and forecast spend for December, 2022, and its forecast 2023 administration costs, split out into the categories in Table 1 and Table 3.

Response:

- a) Enbridge Gas's administration costs from 2019 to 2023 are below.

Table 1  
Enbridge Gas Administration Costs (2019 to 2023)

	Actual	Actual	Actual	Actual	Forecast	Forecast
Cost Element	2019 <sup>1</sup>	2020 <sup>2</sup>	2021 <sup>3</sup>	Jan-Nov 2022	Dec 2022	2023 <sup>4</sup>
IT Billing System	0.52	0.31	0.22	0.06	0.00	0.05
Staffing Resources	0.72	0.84	0.93	1.00	0.12	1.45
Consulting/Legal	0.07	0.13	0.51	0.11	0.00	0.34
GHG Reporting	0.00	0.06	0.04	0.02	0.03	0.05
Bad Debt	0.13	1.03	1.95	4.02	0.23	5.16
Other	0.12	0.04	0.01	0.04	0.02	0.14
Interest	0.04	0.02	0.12	N/A	N/A	N/A
Total	1.60	2.44	3.79	5.24	0.40	7.20

<sup>1</sup> EB-2019-0247, EGI 2020 FCPP Updated Application, May 14, 2020, Exhibit C, Table C-1, p. 6.

<sup>2</sup> EB-2021-0209, EGI 2022 FCPP Application, September 29, 2021, Exhibit C, Table 1, p. 4. The 2020 EGD rate zone bad debt actuals were updated at EB-2021-0209, EGI 2022 FCPP Application, Interrogatory Responses, Exhibit I.VECC.7.

<sup>3</sup> Pre-filed evidence at Exhibit C, Tab 1, Schedule 1, Table 1, p. 4.

<sup>4</sup> Pre-filed evidence at Exhibit C, Tab 1, Schedule 1, Table 3, p. 10.