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BY EMAIL

January 16, 2023

Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
registrar@oeb.ca

Dear Ms. Marconi:

**Re: Ontario Energy Board (OEB) Staff Submission
Enbridge Gas Inc. – 2022 to 2027 Natural Gas Demand Side Management
Plan – Draft Rate Order
OEB File Number: EB-2021-0002**

In accordance with the OEB's revised Decision and Order dated December 16, 2022, please find attached the OEB staff submission on Enbridge Gas's Draft Rate Order.

Yours truly,

Michael Bell
Senior Advisor, Application Policy & Conservation

Encl.



ONTARIO ENERGY BOARD

OEB Staff Submission

on Enbridge Gas Inc.'s Draft Rate Order

Enbridge Gas Inc.

2022 to 2027 Natural Gas Demand Side Management Plan

EB-2021-0002

January 16, 2023

Background

On November 15, 2022, the Ontario Energy Board (OEB) issued its Decision and Order on Enbridge Gas Inc.'s (Enbridge Gas) Demand Side Management (DSM) application. On December 16, 2022, the OEB issued a revised Decision and Order. As part of the OEB's revised Decision and Order, it directed Enbridge Gas to file a Draft Rate Order that reflected the OEB's findings in this proceeding.

Enbridge Gas's Draft Rate Order

On January 12, 2023, Enbridge Gas filed a Draft Rate Order. In the accompanying cover letter, Enbridge Gas indicated that the Draft Rate Order filed as part of this proceeding will not change the rates that have already been set and approved for 2023. This is because Enbridge Gas's 2023 rates were approved by the OEB on November 3, 2022¹, prior to the OEB's issuance of its original Decision and Order on Enbridge Gas's DSM application on November 15, 2022.

Table 1 on page 2 of Enbridge Gas's letter shows that the 2023 approved DSM budget is \$24.9 million greater than the 2023 DSM budget included in 2023 rates.

Enbridge Gas noted that the variance between 2023 DSM budgets in rates and approved 2023 DSM budgets will be recorded in the DSM Variance Account (DSMVA) for disposition at a future date.

Enbridge Gas's Draft Rate Order included the allocation of the 2023 approved DSM budget to rate classes, and the bill impacts by rate class compared to the 2022 DSM budget.

Finally, Enbridge Gas indicated that the Draft Rate Order does not include the 2024 and 2025 approved DSM budgets. Enbridge Gas noted that the OEB approved a budget for 2023 with direction that subsequent years be increased by an escalation factor.² Enbridge Gas noted that budgets for 2024 and 2025 will be adjusted and included as part of future rate proceedings.

OEB Staff Submission

OEB staff submits that generally Enbridge Gas's proposal is reasonable. However, OEB staff has several suggestions to provide greater clarity on Enbridge Gas's proposal for the OEB to consider when determining the appropriateness of the proposed approach.

First, OEB staff suggests that Enbridge Gas update the table included in Appendix B to compare 2023 DSM budgets currently approved in 2023 rates with the approved 2023

¹ EB-2022-0133, Decision on Settlement Proposal and Rate Order

² EB-2021-0002, Decision and Order, Section 4.3, p. 57

DSM budgets from this proceeding. Currently, Appendix B compares 2022 DSM budgets with the 2023 DSM budgets approved in this application. This does not provide the most accurate depiction of the difference between budget amounts (and the expected impact, relative to approved 2023 rates) and is not aligned with the information included in Table 1 on page 2.

OEB staff also suggests that Enbridge Gas indicate how it expects to dispose of the variance between DSM amounts currently approved in rates and those that were approved as part of this proceeding. Enbridge Gas noted that this variance will be recorded in the DSMVA. This implies that the balance will be proposed to be disposed of as part of a standalone DSM deferral and variance account clearance application. It would be helpful for Enbridge Gas to confirm that this is its proposal. In particular, Enbridge Gas should confirm whether it intends to dispose of this balance as part of its 2023 DSM deferral and variance account clearance application (i.e., after final 2023 DSM spending and results are known, such that the 2023 DSMVA disposition would address variance between the 2023 DSM budget already approved in 2023 rates and actual 2023 DSM spending, for factors including, but not limited to, the updated 2023 DSM budget approved in this proceeding), or in an earlier application. Additionally, it would be helpful for Enbridge Gas to discuss why it has not proposed to collect this difference from customers through a billing adjustment as part of its next Quarterly Rate Adjustment Mechanism Application, similar to what was done as part of the implementation of the 2015 DSM Decision and Order.³

Finally, as noted in the OEB's original Decision and Order, "the OEB expects that Enbridge Gas will implement the recovery of DSM costs from residential customers across Ontario on a uniform basis during the term of the DSM plan as soon as practical."⁴

Enbridge Gas has not addressed how and when it will respond to this direction from the OEB. OEB staff suggests that Enbridge Gas provide greater details on its proposed timing for implementing a uniform residential DSM charge, including considerations arising from the rate harmonization proposals in its current rebasing application (EB-2022-0200).

All of which is respectfully submitted

³ EB-2015-0049, Decision and Rate Order, May 12, 2016

⁴ EB-2021-0002, Decision and Order, November 15, 2022, p. 32