



Asha Patel
Technical Manager
Regulatory Applications
Regulatory Affairs

Office: 416-495-5642
Email: Asha.Patel@enbridge.com
EGIRegulatoryProceedings@enbridge.com

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

January 24, 2023

VIA RESS AND EMAIL

Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th 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
Enbridge Gas Reply Submission**

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

If you have any questions, please contact the undersigned.

Sincerely,

Asha Patel
Technical Manager, Regulatory Applications

cc: EB-2022-0194 Intervenors

ONTARIO ENERGY BOARD

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

AND IN THE MATTER OF an Application by Enbridge Gas Inc., pursuant to section 36(1) of the *Ontario Energy Board Act, 1998* 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.

REPLY SUBMISSION OF ENBRIDGE GAS INC.

Introduction and Overview

1. Enbridge Gas Inc. (Enbridge Gas), the Applicant, was formed by the amalgamation of Enbridge Gas Distribution Inc. (EGD) and Union Gas Limited (Union) 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 the meaning of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Sched. B (Act), in Ontario.
2. On September 29, 2022, Enbridge Gas applied to the Ontario Energy Board (OEB) pursuant to section 36(1) of the Act (Application) for:
 - (i) An order or orders allowing Enbridge Gas to charge customers a Federal Carbon Charge on a volumetric basis of 12.39 ¢/m³, in the amount of the Federal Carbon Charge required to be paid by Enbridge Gas pursuant to the *Greenhouse Gas Pollution Pricing Act*, S.C. 2018, c. 12, s. 186 (GGPPA), effective April 1, 2023;
 - (ii) 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 other costs (including Facility Carbon Charge costs of 0.0079 ¢/m³ for the

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

EGD rate zone and 0.0162 ¢/m³ for the Union rate zones) in compliance with the federal GGPPA and Ontario Emissions Performance Standards Regulation² (EPS);

- (iii) An order or orders approving the proposed rate reflecting a common Facility Carbon Charge of \$0.0157 ¢/m³ for all customers, effective January 1, 2024; and
 - (iv) An order or orders approving the 2021 balances for all Federal Carbon Pricing Program (FCPP) related deferral and variance accounts, for all Enbridge Gas rate zones, and an order to dispose of those balances through a one-time billing adjustment to all customers in the EGD and Union rate zones as early as the April 1, 2023 QRAM.
3. In accordance with the OEB's Procedural Order No. 1 (dated November 14, 2022), this is the Reply Submission of Enbridge Gas in response to the written submissions (Submissions) of OEB staff and one intervenor, Canadian Manufacturers & Exporters (CME).
 4. OEB staff generally supports all aspects of the application, including the requested rate increases, the disposition of the deferral and variance accounts and Enbridge Gas's efforts to manage facility related FCPP costs. OEB staff raised a few issues that Enbridge Gas responds to below.
 5. CME raised no concerns with any aspect of the Application.

OEB Staff Submission

6. OEB staff supports approval of rates as requested by Enbridge Gas, including the approval of the proposed Federal Carbon Charge and Facility Carbon Charge on a final basis effective April 1, 2023,³ the disposition of the 2021 Greenhouse Gas Emissions Administration Deferral Accounts (GGEADAs)⁴ and Facility Carbon Charge Variance Account (FCCVA) balance.⁵
7. With respect to Enbridge Gas's request for a common Facility Carbon Charge effective January 1, 2024, OEB staff has asked that Enbridge Gas provide more details on why this request was not put forward in Enbridge Gas's 2024 Rebasing Application.

² O.Reg. 241/19: Greenhouse Gas Emissions Performance Standards

³ OEB Staff Submission, p. 3.

⁴ OEB Staff Submission, p. 6.

⁵ OEB Staff Submission, p. 7.

8. This Application was filed on September 29, 2022 and asks the OEB to approve rates associated with the obligations under the GGPPA and the EPS, one component being the Facility Carbon Charge. The rates established as part of this proceeding will span from April 1, 2023 to March 31, 2024 which coincides with Enbridge Gas's timing to rebase rates as an amalgamated utility starting January 1, 2024. Given that the FCPP has a separate process for an annual application to establish associated rates and the timing of this proceeding was in advance of the Rebasing Application that was filed on October 31, Enbridge Gas thought it prudent to put forward a request for a common Facility Carbon Charge effective January 1, 2024 as part of this 2023 FCPP Application. If Enbridge Gas had not proposed a common Facility Carbon Charge as part of this proceeding, the OEB would not have a complete picture of rates associated with the FCPP for the applicable time period of April 1, 2023 to March 31, 2024.
9. As such Enbridge Gas respectfully asks that the common Facility Carbon Charge be considered and approved as part of this proceeding.
10. OEB staff also submitted that although it supports disposition of the balance of \$3.79 million in administration costs in the GGEADAs for 2021, it is not taking a position on the 2023 forecast administration costs.
11. Enbridge Gas notes that costs related to 2023 administration costs will be reviewed and disposed of in a future application and Enbridge Gas will provide further evidence demonstrating the reasonableness of those costs at the appropriate time.
12. Enbridge Gas notes that each individual on the Carbon Strategy team is solely dedicated to work associated with the impacts of federal and provincial regulations related to GHG requirements.⁶ The roles and responsibilities of this team were provided in interrogatory response to Exhibit I.STAFF.5.
13. Enbridge Gas submits that these roles and responsibilities fit within the definition of the GGEADAs as approved in the 2022 Federal Carbon Pricing Program proceeding (EB-2021-0209).⁷
14. With respect to the implementation of rates, OEB staff notes that if the OEB approves the 2023 rates requested by Enbridge Gas in this application, that a

⁶ EB-2022-0194, Exhibit I.STAFF.5.

⁷ EB-2021-0209, Exhibit C, Attachment 1, p. 3, "To record, as a debit (credit) in Deferral Account No. 179-501, the Administration costs associated with the impacts of federal and provincial regulations related to greenhouse gas emission requirements."

Draft Rate Order in this proceeding is not necessary.⁸ Enbridge Gas agrees with OEB staff that a Draft Rate Order in this proceeding is not necessary.

All of which is respectfully submitted this 24th day of January 2023.

Asha Patel
Technical Manager, Regulatory Applications

⁸ OEB Staff Submission, p. 10.