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## **VIA RESS and EMAIL**

February 24, 2023

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

Dear Nancy Marconi:

**Re: EB-2023-0073 – Enbridge Gas Inc. (Enbridge Gas) – April 2023 QRAM  
Notice of Commodity-Related Price Decrease Estimate for April 2023**

The purpose of this letter is to inform the Ontario Energy Board (OEB) of the estimated change in the commodity portion of an average residential sales service customer's bill that is expected when Enbridge Gas files its April 1, 2023 Quarterly Rate Adjustment Mechanism (QRAM) application.

Based on preliminary estimates, Enbridge Gas has forecast that the gas commodity portion of the bill will decrease by more than 25% for sales service customers in all rate zones.

### **Background**

In its QRAM Review Decision (EB-2014-0199), dated August 14, 2014, the OEB determined that it:

...will require Enbridge, NRG and Union, one month in advance of the normal QRAM filing date, to complete a preliminary estimate of the change in the commodity portion of a typical residential system supply customer's bill that arises from the forecasted reference price (based on the most current 21-day strip available at the time) for the next quarter and the forecasted PGVA balances to be cleared. A gas distributor that anticipates an increase or decrease of 25% or more on the commodity portion of a typical residential system supply customer's bill (which includes all commodity related rate riders) must file a letter with the Board describing the anticipated increase or decrease and the cost drivers underpinning the anticipated change. The letter must include information regarding the 21-day strip used and the forecasted PGVA balances that the distributor expects to clear.<sup>1</sup>

In accordance with the Decision, Enbridge Gas prepared a February 2023 estimate of the April 2023 QRAM impacts to the commodity portion of an average residential sales

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<sup>1</sup> EB-2014-0199, Decision and Order, August 14, 2014, pp. 4-5.

service customer bill.<sup>2</sup> Based on the estimate performed, Enbridge Gas forecasts the commodity-related bill decrease for a typical residential customer in the EGD, Union South, Union North West and Union North East rate zones to be between \$140 and \$197 a year (between 25% and 32%).<sup>3</sup> This decrease is primarily driven by the decrease in the market price of natural gas.

### Cost Drivers of the Commodity Bill Impacts

North American natural gas actual and forward prices have continued to decline in recent months since reaching highs in mid 2022. North American inventory levels are now higher than normal, driven primarily by warmer than normal weather and an increase in North American gas production.<sup>4</sup>

The factors contributing to the estimated bill impact for a typical residential customer are:

1. Decreases related to the market price of natural gas, and
2. Decreases related to the Purchase Gas Variance Accounts (PGVA) riders.

#### *1. Decrease in the market price of natural gas*

The price used to set the gas commodity rate is forecast for April 1, 2023 to March 31, 2024 and is expected to decrease between \$1.405/GJ and \$2.054/GJ from the prices approved by the OEB in the January 2023 QRAM. The annual bill impact for an average residential sales service customer is a decrease of \$121 to \$177, depending on the customer's location.

#### *2. Decreases in the PGVA riders*

The projected April 1, 2023 PGVA riders are credits. Note, there are no riders expiring with the April 2023 QRAM because the April 2022 QRAM has a 24-month disposition period as part of the bill mitigation approved in that proceeding.<sup>5</sup> The annual bill impact for an average residential sales service customer in all rate zones is a decrease of \$2 to \$42, depending on the customer's location.

### Total Bill Impacts

The commodity-related impacts described above for the April 1, 2023 QRAM will be partially offset by non-commodity related QRAM changes, including the implementation of the rate impacts and one-time deferral disposition amounts from the 2023 Federal Carbon Pricing Program application (EB-2022-0194). The approved annual impact for the increase in the Federal Carbon Charge is between \$57 and \$62 for the average residential customer, depending on the customer's location.<sup>6</sup> Enbridge Gas will continue to review options for advancing the recovery of the QRAM-related costs that were

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<sup>2</sup> Feb 2023 estimate based on a 21-Day strip of natural gas prices ending Jan 31, 2023.

<sup>3</sup> A typical residential customer bill impact for the EGD and Union rate zones is based on annual consumption of 2,400 m<sup>3</sup> and 2,200 m<sup>3</sup>, respectively.

<sup>4</sup> [Short-Term Energy Outlook - U.S. Energy Information Administration \(EIA\)](#)

<sup>5</sup> EB-2022-0089, Decision and Order, March 24, 2022.

<sup>6</sup> EB-2022-0194, Decision and Order, February 9, 2023.

mitigated as part of the approved rate mitigation plans for April 2022 and July 2022 QRAMs.<sup>7</sup>

Please refer to Table 1 for detailed bill impacts by rate zone.

Table 1  
April 1, 2023 QRAM Estimate by Rate Zone

Line No.	Particulars (\$)	EGD	Union North West	Union North East	Union South
		(a)	(b)	(c)	(d)
	<u>Commodity Bill Impacts</u>				
1	Gas Commodity Reference Price	-133	-121	-177	-177
2	PGVA Riders	-8	-42	-20	-2
3	Total Commodity Bill Impact	-140	-163	-197	-179
4	Approved Commodity Bill - January 2023 QRAM	553	508	738	712
5	Commodity Bill Impact (%)	-25%	-32%	-27%	-25%
	<u>Total Bill Impacts</u>				
6	QRAM Non-commodity Impacts	-68	-6	-3	0
7	2023 Federal Carbon Charge	62	57	57	57
8	2021 Federal Carbon Deferral Disposition	1	1	1	0
9	Total Other Rate Changes	-4	52	55	58
10	Total Bill Impact (line 3 + 9)	-145	-111	-142	-121
11	Approved Total Bill - January 2023 QRAM	1,473	1,403	1,669	1,375
12	Total Bill Impact (%)	-9.8%	-7.9%	-8.5%	-8.8%

### Customer Communication

Enbridge Gas plans to communicate the expected bill decrease effective April 1, 2023 to general service customers using the following methods:

- Enbridgegas.com – a message on the homepage and a dedicated information page with FAQ's for both residential and small business customers.
- Social media post regarding the change in natural gas rates and directing customers to the dedicated information page.

<sup>7</sup> EB-2022-0089, Decision and Order, March 24, 2022 and EB-2022-0150, Decision and Order, June 16, 2022.

- IVR messaging – customers will hear a message about upcoming rate changes when they call the contact centres in April 2023.
- Contact Centres – customer representatives provide ongoing support to customers throughout the year and are available to discuss rate changes and answer individual questions as required.

Enbridge Gas expects to file the QRAM application on March 10, 2023.

If you have any questions, please contact the undersigned.

Yours truly,

Richard Wathy  
Technical Manager, Regulatory Applications

c.c.: All Interested Parties EB-2008-0106, EB-2019-0137, EB-2022-0072,  
& EB-2022-0133