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Enbridge Technical Conference

Ontario Petroleum Institute (“OPI”) Hearing Material References

37. Applying the current rate design to derive the transmission commodity charge for 2024 results in an increase of 137% compared to the 2023 rate.[14] The increase in the unit rate is due to the increase in the use of the Dawn Parkway System by in-franchise customers which is unrelated to the producer services and their use of the Dawn Parkway System. It is for this reason that Enbridge Gas is proposing a change to the rate design methodology. /u

38. Enbridge Gas proposes to set the transmission commodity charge equal to 50% of the commoditized Rate M12 Dawn to Parkway easterly demand rate excluding Parkway Station. Applying 50% to the rate is meant to represent the mid point of the Dawn Parkway System to recognize that producer services are located at various locations along the Dawn Parkway System and gas injected onto the system does not travel the full distance of the system. The proposed rate design also allows for more stable and predictable rates for these customers over time, as the rate design is no longer derived based on in-franchise activity.

39. The impact of the proposed rate design change for the Rate M13/M16 transmission commodity charge is provided at Table 5. Compared to the 2023 transmission commodity charge of $0.038/GJ, the increase to the proposed charge of $0.044/GJ in 2024 is $0.006/GJ (or 14%). /u

[14] The 2023 transmission commodity charge of $0.038/GJ would increase to $0.090/GJ under the current approved rate design methodology, which is an increase of approximately 137%. /u

contract. Due to the long-term nature of Rate 401 contracts, Enbridge Gas proposes to maintain the existing Rate 401 service, under the harmonized rate class Rate E82 for producers with a current Rate 401 contract until the expiry of each contract. Upon the implementation of Rate E80, all new producer contracts will take service under the new harmonized producer service, Rate E80, and no further Rate 401 contracts will be executed. That is, Rate E82 will be limited only to producers who had a Rate 401 contract prior to the implementation of the harmonized rate classes and customers with a Rate M13 or GPA contract will harmonize into Rate E80.

53. Enbridge Gas proposes a rate design for Rate E80 that aligns elements of the current approved rate design of Rate M13[16] as well as introduces new charges for services. Charges for Rate E80 consist of the following components:
    a) A fixed monthly station charge (one of two fixed monthly station charges will apply based on the nature of each producer station);
    b) Transmission commodity charge to transport gas on the system, if applicable;
    c) Delivery commodity charge to recover any fuel and unaccounted for gas (UFG) for gas transported on the system, if applicable; and
    d) An RNG sampling charge, if applicable.

54. Other costs related to providing Rate E80 service, such as those related to daily balancing, will be determined based on the needs of the individual producer and outlined in the Rate E80 contract or supplementary service contract as applicable. Similarly, terms and conditions related to any gas that is purchased by Enbridge Gas will be determined in a separate gas purchase agreement.

[16] Rate M13 and Rate 401 rate design were last approved in EB-2011-0210 and EB-2017-0319, respectively.

1.2. Rate C1 Firm Transportation between St. Clair, Bluewater, Ojibway and Dawn Rate Design Proposal

21. Enbridge Gas is proposing a change to the current approved rate design for Rate C1 firm transportation demand charges between St. Clair, Bluewater, Ojibway and Dawn effective January 1, 2024. The rate design for transportation between St. Clair, Bluewater, Ojibway and Dawn was last approved in Union's 2013 Cost of Service[4] proceeding and discussed in evidence as part of the Union's Panhandle Reinforcement Project[5] proceeding and Enbridge Gas's 2020 Rates[6] proceeding.

22. Enbridge Gas proposes to change the rate design for firm transportation from St. Clair, Bluewater and Ojibway to Dawn, while maintaining the current approved rate design for transportation from Dawn to St. Clair, Bluewater and Ojibway.

23. The current approved rate design is based on the average unit rate of the transmission systems used to provide the transportation service regardless of the direction of the transportation service. Gas flowing from Dawn to St. Clair, Bluewater and Ojibway is in the same direction (in-flow) as gas flows on the system to meet in-franchise peak day demand. As such, the Dawn to St. Clair, Bluewater and Ojibway firm transmission charge should continue to be based on the average unit rate of the transmission system to ensure recovery is based on cost causality and consistent with the recovery from in-franchise customers.

24. The St. Clair, Bluewater and Ojibway to Dawn transportation is flowing in the opposite direction (counter flow) of gas flows on the system to meet in-franchise peak day demand. Transportation to Dawn on these paths provides a system

[4] EB-2011-0210.
[5] EB-2016-0186.
[6] EB-2019-0194.

benefit because gas arriving at St. Clair, Bluewater or Ojibway is consumed in the local market area which reduces the gas needs from Dawn and does not require additional facilities to provide the service. Enbridge Gas proposes to introduce a firm transportation demand charge for transportation from St. Clair, Bluewater and Ojibway to Dawn that is separate from the Dawn to St. Clair, Bluewater and Ojibway firm transportation demand charge. The rate design is based on 100 days use as it is only during certain days in the summer months, when gas requirements in the local area market are lowest, that the gas may be required to be physically transported to Dawn. The 100 days use rate design to derive a rate for counterflow activity that can provide a system benefit is consistent with the current approved rate design for westerly Parkway to Dawn.

25. The revenue generated from the transportation service is used to reduce in-franchise customer rates through the S&T margin, providing a benefit to all in-franchise customers. The S&T margin for the 2024 Test Year is provided at Exhibit 8, Tab 2, Schedule 8, Attachment 11. The impact of the rate design change for Rate C1 from Dawn to St. Clair, Bluewater and Ojibway demand charge is provided at Table 4.

55. Please see Table 9 for an overview of the current approved and proposed rates for Enbridge Gas producer rate classes.

Table 9
Rate E80 – Harmonized Producer Rate Class Summary

Line No.	Rate Component	Units	Current Approved at 2023 Rates			Proposed 2024
			Rate 401	Rate M13	GPA	Rate E80
		(a)	(b)	(c)	(d)	(e)
1 2	Monthly Fixed Charge	$/month	Site-Specific Service Fee	$1,048	$90	Typical - $469 Large - $1,062
3	Transmission Commodity Charge	$/GJ	--	$0.038	--	$0.044
4	Delivery Commodity Charge	$/GJ	--	$0.009	--	$0.026
5	RNG Sampling Charge	$/sample	--	--	--	$10,000

Monthly Station Charge

56. Enbridge Gas is proposing two monthly fixed charges for Rate E80, consistent with the rate design proposal for Rate M13. The monthly fixed charges account for cost differences that result from different station design requirements. Enbridge Gas is proposing the monthly fixed charge will apply to all producers who inject gas into the distribution system under Rate E80, including both the producers who currently take service under Rate M13 and/or have a GPA. Please see Section 1.4 for a description of the Rate M13 rate design proposal for 2024.

57. Enbridge Gas is proposing to continue to use the site-specific monthly service fee for producers taking service under Rate E82. This rate design is based on the

approved rate-setting methodology for Rate 401, which calculates a site-specific monthly service fee for each RNG injection service.

Transmission Commodity Charge

58. Enbridge Gas is proposing a transmission commodity charge as part of Rate E80 rate design, consistent with Rate M13, to recover the transportation costs of moving gas from the local producer station to Dawn. The transmission commodity charge will apply only to producers who choose to transport their production to Dawn. Please see Section 1.4 for a description of the Rate M13 rate design proposal for 2024.

Delivery Commodity Charge

59. Enbridge Gas is proposing a delivery commodity charge as part of the Rate E80 rate design, consistent with Rate M13, to recover UFG and company use fuel from producers. The delivery commodity charge will apply only to producers who choose to transport their production to Dawn.

RNG Sampling Charge

60. Enbridge Gas proposes a fixed RNG sampling charge of $10,000 per sample as part of the Rate E80 rate design, consistent with Rate M13, to recover the incremental cost incurred by the Company to sample and test the quality of gas for producers of RNG. Please see Section 1.4 for a description of the Rate M13 rate design proposal for 2024.

34. Enbridge Gas is proposing to apply the Rate M13 monthly station charge to all producers who currently take service under Rate M13 and/or have a GPA and inject gas into the distribution system. Enbridge Gas is proposing producers will pay the same monthly station charge based on station type regardless of what producers choose to do with their gas once it has been injected into Enbridge Gas's system, which better reflects cost causality and reduces any cross subsidization with other ratepayers. This rate design also recognizes that Enbridge Gas incurs costs to operate and maintain a producer station regardless of the service option selected by the producer. Enbridge Gas will continue to use the approved rate-setting methodology for Rate 401 in 2024, which calculates a site-specific monthly service charge for each RNG injection service.

Transmission Commodity Charge

35. Enbridge Gas is proposing a change to the Rate M13 current approved transmission commodity charge rate design effective January 1, 2024. The transmission commodity charge and the proposed rate design change also applies to Rate M16 for storage pool operators.

36. The transmission commodity charge recovers the transportation costs of moving gas from the local producer station to Dawn. The transmission commodity charge will apply only to producers who choose to transport their production to Dawn. The current rate design for the transmission commodity charge is based on a commoditized cost of the Dawn Parkway System excluding Dawn compression for in-franchise customers.

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Exhibit 8
Tab 2
Schedule 9
Attachment 14
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Derivation of Rate E80 Charges

Line No.	Particulars	Rate E80 Charges (a)
	Monthly Fixed Charges	
	Typical Producer Station	
1	Operating and Maintenance Costs ($000s) (1)	372
2	Number of Typical Customer Stations (2)	66
3	Monthly Fixed Charge Per Typical Customer Station ($/mo) (line 1 / line 2 x 12 x 1000)	$ 469.19
	Large Producer Station	
4	Operating and Maintenance Costs ($000s) (3)	111
5	Number of Large Customer Stations	9
6	Monthly Fixed Charge Per Large Customer Station ($/mo) (line 4 / line 5 x 12 x 1000)	$ 1,061.58
	RNG Sampling Charge	
7	Operating and Maintenance Costs ($000s) (4)	78
8	Number of RNG Sampling Tests	8
9	RNG Sampling Charge ($/test) (line 7 / line 8 x 1000)	$ 10,000.00
	Rate E80/Rate E72 Transmission Commodity Charge	
10	Dawn to Parkway Easterly Demand Charge ($/GJ/mo) (5)	3.466
11	Parkway Station Demand Charge ($/GJ/mo) (6)	0.772
12	Dawn to Parkway Demand Charge less Parkway Station ($/GJ/mo) (lines 10 - 11)	2.694
13	Rate E80/Rate E72 Transmission Commodity Charge ($/GJ) (line 13 x 12/365 x 50%)	0.044

Notes:
(1) Operating and maintenance costs of typical producer stations.
(2) Typical customer station count includes gas purchase agreement stations.
(3) Operating and maintenance costs of large producer stations.
(4) Operating and maintenance costs of RNG sampling at $10,000/test.
(5) Attachment 12, p.1, column (a), line 21.
(6) Ibid, line 20.

Revenue-to-Cost Ratios
Harmonized Rate Classes

Line No.	Particulars ($000s)	2024 Revenue (1) (a)	2024 Revenue Requirement (2) (b)	2024 Over/(Under) Contribution (c)	2024 Revenue-to-Cost Ratio (d) = (a / b)
	In-franchise				
1	Rate E01	4,090,640	4,100,074	(9,434)	0.998
2	Rate E02	1,581,859	1,588,197	(6,338)	0.996
3	Rate E10	216,279	218,064	(1,786)	0.992
4	Rate E20	79,115	80,312	(1,197)	0.985
5	Rate E22	11,454	11,550	(96)	0.992
6	Rate E24	53,357	54,147	(790)	0.985
7	Rate E30	13,314	12,414	900	1.072
8	Rate E34	3,580	4,482	(902)	0.799
9	Rate E38	4,978	4,774	204	1.043
10	Rate E62	43,764	43,942	(178)	0.996
11	Rate E64	10,282	10,451	(169)	0.984
12	Total In-franchise	6,108,622	6,128,408	(19,786)	0.997
	Ex-franchise (3)				
13	Rate E60	296	271	25	1.094
14	Rate E70	168,100	154,814	13,286	1.086
15	Rate E72	880	455	425	1.935
16	Rate E80	896	125	771	7.151
17	Rate E82	3,561	0	3,561	0.000
18	Total Ex-franchise	173,733	155,665	18,068	1.116
19	Non-Utility Cross Charge	1,718	0	1,718	0.000
20	Total	6,284,073	6,284,073	0	1.000

Notes:

(1) Exhibit 8, Tab 2, Schedule 9, Attachment 1, p.1, column (h).

(2) Ibid, p.1, column (e).

(3) Revenue-to-cost ratios for certain ex-franchise rate classes exceed 1.0 as there are minimal, or no costs allocated through the Cost Allocation Study. Rates for these rate classes are not based on an allocation of costs but rather, through the rate design process, a reasonable rate for the service is derived to provide a contribution towards the recovery of fixed costs.

changes for Rate M13 are provided in this section of evidence. The harmonized producer rate design proposal is provided in Section 2.2.

Monthly Station Charge

31. Enbridge Gas is proposing two monthly fixed charges, also referred to as monthly station charges, for Rate M13 to account for cost differences that result from different station design requirements. One of the proposed monthly fixed charges will apply to each producer station. The charges are:
    a) $469/month for a producer typical station design; and
    b) $1,062/month a producer large station design.

32. Costs for the monthly station charge were derived by determining the average annual O&M required to maintain a typical and large producer station.[13] Capital costs were not included in the charge as producers pay the full capital cost of the producer station through either a contribution in aid of construct (CIAC) or a surcharge to the posted rate for the duration of the contract. A large station design is defined as a station that requires a remote terminal unit (RTU). An RTU is appropriate to distinguish between a typical and large station as a station requiring an RTU has more complex systems requiring all day monitoring.

33. Currently, producers with a Gas Purchase Agreement (GPA) in the Union rate zones are charged $90/month for their producer station(s). This amount was fixed at the time of contracting and does not reflect the O&M cost incurred to service these stations. As part of discussions with OPI, Enbridge Gas confirmed that the monthly station charge would be reviewed as part of Enbridge Gas's rebasing application.

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[13] O&M costs include compliance, inspection, and maintenance of the station.