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June 14, 2023

Sent by EMAIL, RESS e-filing

Ms. Nancy Marconi
Registrar
Ontario Energy Board
27-2300 Yonge Street
Toronto, ON M4P 1E4

Dear Registrar:

**Re: EPCOR Natural Gas Limited Partnership ("EPCOR")
EB-2023-0158: Quarterly Rate Adjustment Mechanism ("QRAM") Application
Aylmer Service Territory - Rates effective July 1, 2023**

Please find enclosed responses to OEB Staff questions received June 13, 2023 regarding EPCOR's July 1, 2023 QRAM application for the Aylmer service territory.

Let me know if you require any further clarification.

Sincerely,

Tim Hesselink, CPA
Senior Manager, Regulatory Affairs
EPCOR Natural Gas Limited Partnership
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**EPCOR NATURAL GAS LP – AYLMEER
 RESPONSES TO ONTARIO ENERGY BOARD STAFF QUESTIONS
 JUNE 14, 2023**

Staff.1- RNG

Ref: Application, Schedule 1, Pg 10, Line 8-15

EPCOR has finalized the agreement with respect to the RNG purchases that are expected to begin in mid-June 2023. The contract has a term of 10 years. The price to be paid for this gas is equal to the Enbridge gas supply commodity rate, adjusted for the difference in energy content. The formula used to determine the price for this gas is:

$$\text{Price (\$/m}^3\text{)} = \text{RNG Producer Heat Content/Enbridge Heat Content} \times \text{Enbridge Total Gas Supply Commodity Charge.}$$

Question

1. Please confirm that ratepayers are paying the same rate to the RNG producer as if EPCOR was purchasing the natural gas from Enbridge Gas after accounting for heating values.

EPCOR Response: Confirmed.

- a. Please provide a detailed comparison of pricing between RNG, Production B and C and Enbridge Gas. Please include details such as discounts and any delivery charges that are applicable to each source of supply.

EPCOR Response:

Charge Rate	Supply Source			
	Enbridge Supply	Production B	Production C	RNG
Demand Charge	M9 Demand Charge Rate	None	M9 Demand Charge Rate	None
Commodity Charge	Enbridge Commodity Charge Rate*	Enbridge Commodity Charge Rate* w/ 5% discount	Enbridge Commodity Charge Rate* w/ 5% discount for volumes within Contract Demand Enbridge Commodity Charge Rate* for	Enbridge Commodity Charge Rate*

			volume over Contract Demand	
Delivery Charge	M9 Delivery Charge Rate			

** Enbridge Commodity Charge Rate includes Commodity & Fuel - Price Adjustments*

- b. Please explain why the RNG supply does not include a discount similar to Production B or C.

EPCOR Response: The price was agreed upon as a result of negotiations with the RNG producer. A guiding principle was to keep the commodity cost ‘neutral’ to in order to gain the benefits of the supply but not increase the overall costs to customers. The amounts purchased by the RNG supplier offset directly the amounts purchased from Enbridge.

Staff.2- Production B

Ref: Application, Schedule 1, Pg 5, Line 4-7

The Amending Agreement has a term to September 30, 2023. At this time, no contract extension is in place beyond the end of September, 2023. For forecasting purposes for the October, 2023 through June, 2024 period, EPCOR has assumed that the pricing mechanism in the current contract remains in place for this period.

Question

- 1. Local Production B has a contract set to expire on September 30, 2023. Please elaborate on the consequences of not being able to renew.
 - a. In the scenario that Production B does not renew, please provide EPCOR’s plan with respect to replacing this source of supply.

EPCOR Response: This is a highly unlikely outcome as EPCOR has already engaged in renewal discussions with the producer who has also confirmed their intentions to continue to provide gas to EPCOR beyond the September 30, 2023 period. The renewal is currently in progress.

Production B accounts for approximately 3% of total system gas supply. In the event of non-renewal EPCOR would increase gas from Lagasco Lake Gas Contract (Production C) in the short term. EPCOR is also contemplating additional reinforcement projects to address the system pressures issues in this area, which may be included in its upcoming 2025-2029 rate filing.

Staff.3- Schedule 9

Ref: Application, Schedule 9

EPCOR Aylmer July 2022 QRAM, EB-2022-0173, Schedule 9

In the current application in Schedule 9, under Rates Used, EB-2022-0173 Rate Riders- \$/m³ is \$0.000000/m³. In application, EB-2022-0173, the same rate rider was \$0.005878/m³.

Question

1. Please clarify the discrepancies between the two applications.

EPCOR Response: This is a clerical error. The current application should have included the same rate rider of \$0.005878/m³ instead of \$0.000000/m³. A revised Schedule 9 has been included with this submission.

EPCOR NATURAL GAS LIMITED PARTNERSHIP

RESIDENTIAL BILL COMPARISONS

QUARTERLY BILL IMPACT

	Quarter Starting 01-Jul-22 <u>EB-2022-0173</u>	Quarter Starting 01-Jul-23 <u>EB-2023-0158</u>	\$ <u>Change</u>	Percent <u>Change</u>
Average Residential Consumption for Quarter	126	126		
Monthly Charges	\$58.50	\$61.50	\$3.00	5.1%
Delivery Charges (1)	\$17.29	\$17.62	\$0.33	1.9%
Federal Carbon Charge	\$12.34	\$15.61	\$3.28	26.6%
Rate Riders	\$5.96	\$0.61	(\$5.35)	-89.8%
Total Commodity Charges	<u>\$33.53</u>	<u>\$29.36</u>	<u>(\$4.16)</u>	<u>-12.4%</u>
Total Customer Charges	\$127.61	\$124.71	(\$2.91)	-2.3%

ANNUAL BILL IMPACT

	01-Apr-23 <u>EB-2023-0088</u>	01-Jul-23 <u>EB-2023-0158</u>	\$ <u>Change</u>	Percent <u>Change</u>
Average Residential Consumption	1,780.0	1,780.0		
Monthly Charges	\$246.00	\$246.00	\$0.00	0.0%
Delivery Charges (1)	\$248.95	\$248.95	\$0.00	0.0%
Federal Carbon Charge	\$220.54	\$220.54	\$0.00	0.0%
Rate Riders	\$7.99	\$7.99	\$0.00	0.0%
Total Commodity Charges	<u>\$423.77</u>	<u>\$414.82</u>	<u>(\$8.95)</u>	<u>-2.1%</u>
Total Customer Charges	\$1,147.25	\$1,138.30	(\$8.95)	-0.8%

RATES USED (2)

	01-Jul-22 <u>EB-2022-0173</u>	01-Apr-23 <u>EB-2023-0088</u>	01-Jul-23 <u>EB-2023-0158</u>
Monthly Charge	19.50	20.50	20.50
Delivery Charge	0.137196	0.139823	0.139823
Facility Carbon Charge	0.000034	0.000037	0.000037
Total Commodity Charge	0.266093	0.238072	0.233044
Federal Carbon Charge	0.097900	0.123900	0.123900
Rate Riders - \$/mth	1.740000	0.020000	0.020000
Rate Riders - \$/m3	0.005878	0.004355	0.004355

(1) Delivery Charge includes Facility Carbon Charge

(2) Monthly charge reflects one dollar charge related to Bill 32 and Ontario Regulation 24/19.