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## **VIA RESS and EMAIL**

February 23, 2024

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

Dear Nancy Marconi:

### **Re: EB-2024-0093 – Enbridge Gas Inc. (Enbridge Gas) – April 2024 QRAM Notice of Commodity-Related Price Decrease Estimate for April 2024**

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, 2024 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 most 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 2024 estimate of the April 2024 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 \$56 and \$147 a year (between 22% and 37%).<sup>3</sup> This decrease is primarily driven by a change in the commodity related rate riders and a decrease in the market price of natural gas.

### Cost Drivers of the Commodity Bill Impacts

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

1. Decrease in the market price of natural gas, and
2. Decrease in the Purchase Gas Variance Accounts (PGVA) riders.

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

North American natural gas actual and forward prices have continued to decline in recent months due to lower than normal seasonal demand. North American inventory levels have been higher than normal for the past year, driven primarily by warmer than normal weather and an increase in North American gas production.<sup>4</sup>

The price used to set the gas commodity rate is forecast for April 1, 2024 to March 31, 2025 and is expected to decrease between \$0.137/GJ and \$0.484/GJ from the prices approved by the OEB in the January 2024 QRAM. The annual bill impact of the decrease in the market price of natural gas for an average residential sales service customer is a decrease of \$12 to \$42, depending on the customer's location.

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

The projected April 2024 PGVA riders are less than the combined April 2022, July 2022 and April 2023 PGVA riders that expire March 31, 2024. In a typical QRAM, the net prospective riders included are: (i) the introduction of the current QRAM riders and (ii) the elimination of expiring riders which have been in place for 12-months. However, the April 2024 QRAM also includes the expiry of PGVA riders for April 2022 and July 2022.<sup>5</sup> These riders were initially set to be disposed of over a 24-month period to reduce bill impacts due to high commodity prices at the time. The expiration of the July 2022 PGVA riders were later advanced by three months.<sup>6</sup> The annual bill impact of the decrease in PGVA riders for an average residential sales service customer in all rate zones is a decrease of \$44 to \$106, depending on the customer's location.

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<sup>2</sup> Feb 2024 estimate based on a 21-Day strip of natural gas prices ending Feb 7, 2024.

<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 and EB-2022-0150, Decision and Order, June 16, 2022.

<sup>6</sup> EB-2023-0073, Decision and Order, March 23, 2023.

## Total Bill Impacts

The commodity-related impacts described above for the April 1, 2024 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 2024 Federal Carbon Pricing Program application (EB-2023-0196) and the one-time clearing of the Company 2022 deferral and variance accounts (EB-2023-0092). The approved annual impact for the increase in the Federal Carbon Charge is between \$63 and \$69 for the average residential customer, depending on the customer's location.<sup>7</sup>

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

Table 1  
April 1, 2024 QRAM Estimate by Rate Zone

Line No.	<u>Particulars (\$)</u>	EGD	Union North West	Union North East	Union South
		(a)	(b)	(c)	(d)
	<u>Commodity Bill Impacts</u>				
1	Gas Commodity Reference Price	(32)	(12)	(42)	(42)
2	PGVA Riders	(91)	(44)	(60)	(106)
3	Total Commodity Bill Impact	(124)	(56)	(102)	(147)
4	Approved Commodity Bill - January 2024 QRAM	331	253	402	424
5	Forecasted Commodity Bill – April 2024 QRAM (line 3 + 4)	207	197	301	276
6	Commodity Bill Impact (%)	(37.3%)	(22.1%)	(25.2%)	(34.8%)
	<u>Total Bill Impacts</u>				
7	QRAM Non-commodity Impacts	8	(1)	(2)	0
8	2024 Federal Carbon Charge	69	63	63	63
9	2022 Federal Carbon Deferral Disposition	1	1	1	1
10	2022 Deferral and Variance Account Disposition	3	(34)	2	8
11	Total Other Rate Changes	81	29	65	71
12	Total Bill Impact (line 3 + 11)	(43)	(27)	(37)	(76)
13	Approved Total Bill - January 2024 QRAM	1,273	1,182	1,372	1,140
14	Forecasted Total Bill – April 2024 QRAM (line 12 + 13)	1,231	1,155	1,335	1,064
15	Total Bill Impact (%)	(3.3%)	(2.3%)	(2.7%)	(6.7%)

<sup>7</sup> EB-2023-0196, Decision and Order, February 8, 2024.

### Customer Communication

Enbridge Gas plans to communicate the expected bill decreases effective April 1, 2024 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.
- IVR messaging – customers will hear a message about upcoming rate changes when they call the contact centres in April 2024.
- 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 8, 2024.

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