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VIA RESS and EMAIL

March 15, 2024

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

Dear Nancy Marconi:

Re: EB-2024-0093 – Enbridge Gas Inc. (Enbridge Gas) – April 1, 2024 Quarterly Rate Adjustment Mechanism (QRAM) Application

On March 8, 2024, Enbridge Gas filed its April 1, 2024 QRAM application with the Ontario Energy Board (OEB). Enbridge Gas has received a letter from the Canadian Manufacturers & Exporters (CME).

CME takes no issue with Enbridge Gas April 1st, 2024 QRAM application, assuming it is calculated consistent with the figures provided by OEB staff and confirmed by Enbridge Gas in Exhibit I.STAFF.1.

Enbridge Gas also received questions from the Federation of Rental-housing Providers (FRPO) regarding the above noted application. Enclosed please find the responses of Enbridge Gas to the FRPO questions, set out as interrogatory responses.

Should you have any questions on this matter please contact the undersigned.

Sincerely,

Ricahrd Wathy

Richard Wathy
Technical Manager, Regulatory Applications

cc: All Interested Parties EB-2008-0106, EB-2019-0137, EB-2023-0072, & EB-2022-0133

ENBRIDGE GAS INC.

Answer to Interrogatory from the
Federation of Rental-housing Providers of Ontario (FRPO)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, page 3-6

Preamble:

With the significantly warmer than normal winter, we are trying to reconcile how the QRAM process allocates variances for the respective components of the PGVA.

Question:

Please provide a detailed description of the principles applied in the determination for the breakdown of the PGVA balance between commodity, transportation and load balancing found in Exhibit C, Tab 1, Schedule 2, p. 2

a) Please ensure the description includes how the actual values are compared to the commodity-related load balancing charges that are embedded in distribution rates for load balancing.

b) Please ensure that the description includes a recognition of lower volumes of load balancing gas not purchased due to unseasonably warm weather.
    i) If this reconciliation of lower volumes of load balancing gas not purchased due to unseasonably warm weather happens somewhere else, please describe where and how distribution customers are kept whole on avoided costs.

Response:

a) - b)

The OEB-approved methodology to allocate costs between commodity, transportation and load balancing has been in place for the EGD rate zone prior to EB-2008-0106 (QRAM Generic Proceeding). This methodology was reviewed and approved once more as part of EB-2008-0106.

The methodology reflects the service attributes and underlying gas supply portfolio in the EGD rate zone. Enbridge Gas has included a proposal to harmonize this approach, which is part of Phase 3 of its rebasing application.

For the EGD rate zone, the allocation and clearing of the PGVA balance is based on cost causality and completed in a manner consistent with the OEB approved cost allocation and rate design principles the Company uses to design its commodity, transportation, and load balancing rates.

In the EGD rate zone, load balancing supplies are part of the gas supply plan. Seasonal load balancing supplies are purchased at Dawn. The Company provides load balancing to system gas and direct purchase customers in the EGD rate zone. The load balancing component of the PGVA is disposed to both system gas and direct purchase customers. To the extent that the actual price of load balancing supplies is different than the forecast price, the price variance is recorded in the load balancing component of the Purchased Gas Variance Account (PGVA).

The forecast cost of the load balancing for system gas and direct purchase customers is derived based on a forecasted demand and subsequently recovered from customers through the load balancing component of rates. The allocation of load balancing costs to each customer class reflects cost causality and is based on load balancing needs of each customer class. Load balancing costs reflect a price premium paid for load balancing supplies, (this reflects “shaping” of supplies in the winter at Dawn to meet customers’ load balancing needs) over the cost of commodity (i.e. system gas customers pay for commodity through the gas supply charge and direct purchase customers make their own arrangements and deliver commodity through their mean daily volume (MDV) obligation, hence, price premium over commodity is recovered through load balancing charges).

To the extent that actual customer consumption is different than the forecast, the Company adjusts its purchases of seasonal supplies to ensure that the demand and storage balance targets are met at all critical dates. The adjustment of seasonal supply purchases throughout the winter months results in the premium paid for actual load balancing costs being different from the forecast load balancing costs. In other words, the EGD rate zone does not use the concept of incremental purchase volumes and does not track and/or separate them from forecast. The Company simply adjusts its purchases of seasonal supplies to meet actual demand.

Note that the forecast cost of load balancing is recovered from customers when they consume gas, regardless of whether actual customer demand is different than forecast, as each cubic meter of gas is being charged at the forecast load balancing unit rate.

To summarize, forecast price of load balancing supplies is reflected in rates for system gas and direct purchase customers in the EGD rate zone. Price variances are disposed to customers through the clearing of the load balancing component of the PGVA balance. This approach ensures that the actual cost of load balancing supplies is recovered from customers.

ENBRIDGE GAS INC.

Answer to Interrogatory from the
Federation of Rental-housing Providers of Ontario (FRPO)

Interrogatory

Reference:

Exhibit C, Tab 1, Schedule 1, pages 1

Preamble:

The above reference provides the Summary of Gas Costs Operations that provides the sources of gas, the transportation costs and the depiction of actuals for those sources and paths.

Question:

Please provide a similarly constructed table showing the actual costs for the respective sources and paths for the Union North and South Rate zones separately.

Response:

The Summary of Gas Costs Operations schedule as shown at Exhibit C, Tab 1, Schedule 1 is prepared on a forecast basis for the EGD rate zone as it is required for the purposes of setting gas supply rates for the EGD rate zone through the QRAM.

For the Union rate zones, Enbridge Gas does not readily maintain information in a similar manner as Exhibit C, Tab 1, Schedule 1 for the EGD rate zones as it is not required for the purpose of setting Union rate zone gas supply rates through the QRAM. Enbridge Gas uses the Dawn reference price to set gas supply commodity rates for sales service customers in the Union North East and Union South rate zones. The Alberta Border reference price is used to set gas supply commodity rates for sales service customers in the Union North West rate zone. The use of the Dawn reference price and Alberta Border reference price was approved by the OEB in 2015 to reflect Union's gas supply portfolio at the time.

As Enbridge Gas does not readily maintain information for the Union rate zones in a manner similar to Exhibit C, Tab 1, Schedule 1 for the EGD rate zones, the effort to prepare the information would be a significant undertaking. The Company is not able to produce the requested information in the timeframe available to respond to the question.

ENBRIDGE GAS INC.

Answer to Interrogatory from the
Federation of Rental-housing Providers of Ontario (FRPO)

Interrogatory

Reference:

Exhibit C, Tab 3 (pdf document pages 52-54)

Preamble:

We believe that the evidence references for Tab 3 are mislabelled as Tab 1.

Question:

Please confirm or clarify.

Response:

Confirmed. Enbridge Gas will file an evidence update to correct the exhibit reference for the Exhibit C, Tab 3 series.

ENBRIDGE GAS INC.

Answer to Interrogatory from the
Federation of Rental-housing Providers of Ontario (FRPO)

Interrogatory

Reference:

Exhibit D, Tab 1, Schedule 1, pages 1-2 & EB-2023-0330 Exhibit E, Tab 1, Sch.2, pg. 5

Preamble:

The evidence refers to a reallocation of $2 million of the Panhandle refund to the UDC Variance Account. We would like to understand this reallocation.

Question:

Please provide the specific amount to be reallocated.

a) Please describe how that amount was determined.
b) Please describe how the amount (net or gross) was returned in the December QRAM as the above reference does not provide this detail.

Response:

a) The exact amount of the refund that was reallocated to the UDC Variance Account from the Union South PGVA is $2,241,198. This amount was determined by taking the total unutilized capacity of the Panhandle transportation contracts that was recognized in the UDC Variance Account in the years between 2020 and 2023 and applying the rate difference from the refund during the same period.

b) The $20 million refund was included as a reduction to November 2023 gas cost in the Union South PGVA in the January 2024 QRAM (EB-2023-0330). This amount was included in the prospective recovery balance in the January 2024 QRAM as shown in Exhibit E, Tab 2, Schedule 4. The January 2024 prospective recovery balance is disposed of over the twelve month period beginning January 1, 2024 to December 31, 2024.

   The $2 million refund that has reallocated to the UDC Variance Account was added to the February 2024 gas cost in the Union South PGVA in the April 2024 QRAM. This amount was included in the prospective recovery balance as shown in Exhibit E, Tab 2, Schedule 4 in the April 2024 QRAM that will be disposed of over the twelve month period beginning April 1, 2024 to March 31, 2025.