

April 4, 2024

VIA RESS AND EMAIL

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

Dear Nancy Marconi:

**Re: Enbridge Gas Inc. (Enbridge Gas, or the Company)
EB-2024-0111 – Phase 2 2024 Rebasing and IRM – Evidence Filing Timing**

Enbridge Gas filed its 2024 Rates Application and the majority of its supporting evidence on October 31, 2022 and the balance of its evidence on November 30, 2022 under docket number EB-2022-0200. In this Application, Enbridge Gas requested approval of rates for the sale, distribution, transmission, and storage of gas commencing January 1, 2024. Enbridge Gas also applied for approval of an incentive rate-making mechanism (IRM) for the years from 2025 to 2028. The proceeding was split into three phases through the OEB's Decision on the Issues List and through the Settlement Agreement reached amongst the parties.

On September 26, 2023 Enbridge Gas filed a letter informing the OEB of its intent to file updated Phase 2 evidence on October 26, 2023.¹ On October 4, 2023 the OEB responded to Enbridge Gas's letter.² In its response, the OEB stated its preference for Enbridge Gas to file its updated Phase 2 evidence in January 2024 to mitigate the possibility of updates being required later. In a letter filed on October 19, 2023, Enbridge Gas explained potential challenges with filing Phase 2 evidence in January 2024, since there would be significant effort required at the same time to prepare a draft rate order for Phase 1.³ Enbridge Gas noted that if there are any items coming out of the Phase 1 Decision that are expected to be reflected within or added to Phase 2 written evidence, it will be a further challenge to complete those items by January, having only received the Decision in late 2023.

On December 21, 2023, the OEB rendered its Decision and Order on Phase 1 (Phase 1 Decision) of the application. Within the Phase 1 Decision, the OEB directed Enbridge Gas to address seven detailed items included in the Order at page 140 of the Phase 1 Decision. There are other items discussed in the Phase 1 Decision that will also need to be reflected in the updated Phase 2 evidence.

¹ <https://www.rds.oeb.ca/CMWebDrawer/Record/815744/File/document>

² <https://www.rds.oeb.ca/CMWebDrawer/Record/816445/File/document>

³ <https://www.rds.oeb.ca/CMWebDrawer/Record/818327/File/document>

There has been an additional item complicating the timing and preparation of updated Phase 2 evidence. The Phase 1 Decision requires Enbridge Gas to apply a zero-year revenue horizon for small volume customers (excluding projects under the current phase of the Natural Gas Expansion Program), starting on January 1, 2025, but defers implementation matters to Phase 2 of the proceeding. The Phase 1 Decision includes several directions about items that Enbridge Gas must address in Phase 2 evidence to address this implementation. On February 24, 2024, the Minister of Energy introduced Bill 165 (*Keeping Energy Costs Down Act, 2024*).⁴ If passed, the legislation would require the application of a prescribed customer revenue horizon for attachment of new small volume customers of gas distributors. The Minister of Energy has indicated that the prescribed revenue horizon will be 40 years (no change from the current requirements). In February 2024, the OEB issued a temporary stay of the Phase 1 Decision and Order in relation to the customer revenue horizon issue and indicated that the OEB will monitor any legislative developments and may extend the stay if circumstances warrant.⁵

All of the foregoing (including the ongoing draft rate order process for the Phase 1 Decision) has contributed to the timing for preparing and completing the updated evidence for Phase 2. Enbridge Gas is now planning to file the updated evidence for Phase 2 on April 26, 2024. The evidence will include a request for setting 2025 rates as part of the Phase 2 rate order process in order to facilitate having updated rates in place on a timely basis. The updated evidence will not address the OEB's directions in relation to the customer revenue horizon, because that part of the Phase 1 Decision has been stayed.

The OEB has now issued a new docket number for Phase 2 of the proceeding: EB-2024-0111. Enbridge Gas advises that it plans to file its Phase 2 evidence under docket EB-2024-0111 on April 26, 2024.

If you have any questions, please contact the undersigned.

Sincerely,

Vanessa Innis
Program Director, Strategic Regulatory Applications – Rebasing

⁴ [Bill 165, Keeping Energy Costs Down Act, 2024 - Legislative Assembly of Ontario \(ola.org\)](https://www.ola.org/bills/165)

⁵ <https://www.rds.oeb.ca/CMWebDrawer/Record/838072/File/document>