Ontario Energy Board | Commission de l'énergie de l'Ontario

BY EMAIL

January 6, 2025

Ms. Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
Registrar@oeb.ca

Dear Ms. Marconi:

Re: Ontario Energy Board (OEB) Staff Submission
Enbridge Gas Inc.
2025 Federal Carbon Pricing Program Application
OEB File Number: EB-2024-0251

Please find attached OEB staff's submission in the above referenced proceeding, pursuant to Procedural Order No. 1.

Yours truly,

Stephanie Cheng

Digitally signed by Stephanie Cheng
Date: 2025.01.06 10:59:18 -05'00'

Stephanie Cheng
Application Policy & Conservation

Encl.

ONTARIO ENERGY BOARD

OEB Staff Submission

Enbridge Gas Inc.

2025 Federal Carbon Pricing Program

EB-2024-0251

January 6, 2025

Background

The federal *Greenhouse Gas Pollution Pricing Act* (GGPPA) established a federal carbon pricing program (FCPP). Under the GGPPA, Enbridge Gas Inc. (Enbridge Gas) is required to pay the Government of Canada a Fuel Charge to cover greenhouse gas emissions from the natural gas that it delivers to its non-exempt customers[1] and incurs further obligations to the Government of Canada for greenhouse gas emissions from its own facilities. The Fuel Charge under the GGPPA came into effect on April 1, 2019. The Fuel Charge, increased annually on April 1st, will increase again on April 1, 2025.

In a previous proceeding, the OEB approved a Federal Carbon Charge on Enbridge Gas customer bills to recover Enbridge Gas's FCPP costs related to customer emissions and a Facility Carbon Charge to recover Enbridge Gas's FCPP costs related to facility emissions.[2] The OEB also approved the establishment of three sets of FCPP Deferral and Variance Accounts (DVAs).[3] Effective January 1, 2022, the accounting orders for these DVAs were amended to recognize the transition from the federal Output-Based Pricing System (OBPS) to the provincial Emissions Performance Standards (EPS) program for prescribed industrial facilities.[4] The applicable account definitions were updated to include reference to both federal and provincial regulations and the applicable account names were updated to remove the word "Federal." The three sets of DVAs are as follows:

- **Customer Carbon Charge – Variance Accounts (CCCVA**), to record the variance between actual FCPP costs related to customer emissions and FCPP costs recovered in rates related to customer emissions.
- **Facility Carbon Charge – Variance Accounts (FCCVA)**, to record the variance between actual costs related to facility emissions and costs recovered in rates related to facility emissions.
- **Greenhouse Gas Emissions Administration Deferral Accounts (GGEADA)**, to record the administration costs associated with the FCPP.

Enbridge Gas applied to the OEB on September 26, 2024, for approval under section 36(1) of the *Ontario Energy Board Act, 1998* (OEB Act) to increase rates to recover costs associated with meeting its obligations under the GGPPA and regulations

[1] Certain customers (e.g., industrial customers and greenhouses) are eligible for full or partial exemption from the Fuel Charge under the GGPPA for their emissions, and are thus also fully or partially exempt from Enbridge Gas's Federal Carbon Charge.
[2] EB-2018-0205, Decision and Order, July 4, 2019
[3] For each of the three sets, two accounts exist, one for customers in the Enbridge Gas Distribution rate zone and one for customers in the Union rate zones (Union North and Union South).
[4] EB-2021-0208, Decision and Order, February 10, 2022

implementing the Ontario EPS program[5] (EPS Regulations) for prescribed industrial facilities.

Application Summary

In its application, Enbridge Gas requested:

- Approval on a final basis of an updated Federal Carbon Charge of 18.11 ¢/m³, an increase from the current rate of 15.25 ¢/m³, effective April 1, 2025, to match the increase in the federal Fuel Charge that takes effect on the same date.
- Approval on a final basis of an updated common Facility Carbon Charge,[6] effective April 1, 2025, to recover Enbridge Gas's forecast 2025 facility-related costs.
    - Enbridge Gas requests approval to increase the Facility Carbon Charge from 0.0143 ¢/m³ to 0.0172 ¢/m³.
- Approval of the year-end 2023 balances for the following DVAs:
    - ($5.41) million variance in facility-related costs in the FCCVAs.
    - $7.40 million in administration costs in the GGEADAs.[7]
- Approval to dispose of the 2023 DVA balances, according to Enbridge Gas's proposed allocation and disposition approach, through a one-time billing adjustment recovered from all customers in the Enbridge Gas Distribution (EGD) and the Union rate zones.

Enbridge Gas estimated that the incremental bill impact of the proposed Federal Carbon Charge and Facility Carbon Charge (relative to the rates for these charges that are currently effective) for typical residential customers would be $68.71 per year in the EGD rate zone (based on annual consumption of 2,400 m³) and $62.98 per year in the Union rate zones (based on annual consumption of 2,200 m³).

The total bill impact of the proposed 2023 DVA disposition is a one-time charge of $2.13 for a typical residential customer in the EGD rate zone, and a one-time charge of $0.85 and $1.12 for typical residential customers in the Union South and Union North rate zones, respectively.

[5] Emissions Performance Standards Regulation (O. Reg. 241/19) under the *Environmental Protection Act*, R.S.O. 1990, C. E. 19
[6] EB-2022-0194, February 9, 2023 - A common Facility Carbon Charge was approved by the OEB in its Decision and Order on Enbridge's 2023 Federal Carbon Pricing Plan application.
[7] Approval is not being sought to dispose of the balances in the CCCVAs as the amounts are immaterial.

OEB Staff Submission

In summary, OEB staff supports the approval of the rates requested by Enbridge Gas for the Federal Carbon Charge and Facility Carbon Charge effective April 1, 2025. OEB staff also supports the recovery of the 2023 balances in the DVAs.

Federal Carbon Charge and Facility Carbon Charge

Background

Enbridge Gas requested approval on a final basis of a Federal Carbon Charge of 18.11 ¢/m^3, an increase of 2.86 ¢/m^3 from the current rate of 15.25 ¢/m^3, effective April 1, 2025.

The requested rate for the Federal Carbon Charge matches the volumetric rate for the Fuel Charge that Enbridge Gas must pay to the Government of Canada for its customers' emissions, effective April 1, 2025. Customers are charged the Federal Carbon Charge monthly based on actual billed volumes.

Enbridge Gas has used the same approach as in its previous FCPP proceedings to determine which customers are eligible for reductions or exemptions from the Fuel Charge under the GGPPA and provides a corresponding reduction or exemption for the Federal Carbon Charge on these customers' bills.[8]

Enbridge Gas also requested approval on a final basis of an updated Facility Carbon Charge of 0.0172 ¢/m^3, an increase of 0.0029 ¢/m^3 from the current rate of 0.0143 ¢/m^3, effective April 1, 2025, to reflect forecast 2025 facility-related costs.

Enbridge Gas used the same methodology to establish rates for the Facility Carbon Charge (based on forecast facility-related emissions and costs, and customer volumes) as in its previous FCPP proceedings.[9]

As part of the Decision and Order on Enbridge's 2023 and 2024 FCPP applications, the OEB indicated its interest in understanding the impact of the Federal Carbon Charge on consumption patterns.[10] In its 2025 FCPP application, Enbridge Gas provided information on consumption from 2007-2023 for both residential and non-residential customers.

Average use for residential customers has followed a consistent downward trend of approximately 1.0% per year since 2007. Enbridge Gas noted that based on this

[8] Exhibit A, Tab 2, Schedule 1, pp. 8-9
[9] Ibid
[10] EB-2022-0194, Decision and Order, February 9, 2023, p. 7
EB-2023-0196, Decision and Order, February 8, 2024, p. 6

longstanding trend, which has not been materially affected since the introduction of the Federal Carbon Charge in 2019. Enbridge Gas cannot exclusively identify the specific impact or contribution the Federal Carbon Charge has played.

For non-residential average use, Enbridge Gas noted that consumption is based on economy-related variables and that there have been increases (2007-2011), steady periods (2012-2017), and declines (2018-2021). Although consumption for the period following the introduction of the Federal Carbon Charge (2019-2023) saw a decline, Enbridge Gas believes that economic conditions under the COVID-19 pandemic (lower GDP growth, business closures, and high commercial vacancy rates) were contributing factors to this decline. Enbridge Gas indicated it will continue to monitor and report consumption patterns to the OEB.

Submission

OEB staff notes that the requested rates for the Federal Carbon Charge and Facility Carbon Charge have been established based on proposed changes to carbon pricing obligations at the federal and provincial levels, respectively.

OEB staff submits that Enbridge Gas's Federal Carbon Charge should be approved on a final basis, effective April 1, 2025, at the requested rate of 18.11 ¢/m^3 for the EGD rate zone and the Union rate zones, for all customers.

OEB staff also submits that Enbridge Gas's common Facility Carbon Charge should be approved on a final basis, effective April 1, 2025, at the requested rate of 0.0172 ¢/m^3, for all customers.

OEB staff submits that although the average use consumption trends cannot clearly be attributed to the introduction of the Federal Carbon Charge, a variety of price signals related to fossil fuels are expected to continue to play a role in shaping future natural gas usage. OEB staff recommends that Enbridge Gas continue to provide average use consumption trend analysis as part of its Federal Carbon Charge applications to help the OEB assess overall trends as greater emphasis is placed on various Energy Transition activities.

Deferral and Variance Account Disposition Requests

Enbridge Gas is seeking the disposition of $7.40 million in administration costs in the GGEADAs and $(5.41) million in the FCCVAs for 2023.

The cumulative balance of the 2022 and 2023 CCCVAs, including interest, remains minor at ($0.03 million). As a result, disposition is not being sought for these balances.

Balance in Greenhouse Gas Emissions Administration Deferral Accounts

Background

Enbridge Gas seeks disposition of the $7.40 million in administration costs in the GGEADAs for 2023. The breakdown of each of the cost elements are shown in Table 1 below.[11]

Table 1 - 2023 Administration Costs ($millions)

Cost Element	2023 Forecasted Costs	2023 Actual Costs			Variance
		EGD Rate Zone	Union Rate Zones	Total	
IT Billing System	0.05	0.00	0.05	0.05	(0.00)
Staffing Resources	1.45	0.87	0.53	1.4	(0.05)
Consulting and External Legal Support	0.34	0.00	0.00	0.00	(0.34)
Greenhouse Gas Reporting and Verification	0.05	0.01	0.01	0.02	(0.03)
Bad Debt	5.16	3.24	2.01	5.26	0.09
Other Miscellaneous Costs	0.14	0.02	0.01	0.03	(0.11)
Interest	N/A	0.39	0.24	0.63	0.63
Total	**7.20**	**4.54**	**2.86**	**7.40**	**0.20**

OEB staff notes that Enbridge Gas's actual costs in 2023 largely align with its 2023 forecast costs. The largest variances between 2023 forecast and actual costs are attributable to consulting and external legal support, other miscellaneous costs, and bad debt.

Enbridge Gas confirms that there was an increase of 1 FTE to the Carbon Strategy team under a specialist role in 2023. However, actual costs incurred for internal staffing resources and consulting and external legal support were less than forecasted. Enbridge Gas notes that the responsibilities carried out by the additional FTE were both anticipated and required given the continuously changing government policy and market-related changes. The additional FTE is responsible for analyzing the impacts of federal, provincial, and municipal policies and regulations related to GHG emissions, climate change, and energy transition. They participate in government consultations for federal and provincial policy development and regulation amendments associated with GHG emissions. The FTE also helps lead the development of energy transition plans

[11] Exhibit C, Tab 1, Schedule 1, page 5

that incorporate the impact of federal and provincial regulations related to GHG relations. By employing an additional FTE, Enbridge Gas was able to leverage this internal resource to avoid the need for external consulting and legal support, while keeping actual FTE salaries lower than the estimated average FTE costs.

Enbridge Gas incurred $0.03 million instead of the forecasted $0.14 million in miscellaneous costs. The cost savings were attributable to lower travel and conference costs as many internal and external events were virtual. Customer communication costs were lower by leveraging existing customer communication pathways, mass emails, webpages, and social media to communicate to customers regarding FCPP.

Enbridge Gas incurred $5.26 million in bad debt costs in 2023, $0.1 million more than it had forecast for that period. Enbridge Gas is forecasting bad debt as a result of the GGPPA and EPS Regulations to increase to $8.80 million in 2024, and $13.05 million in 2025.[12] Enbridge Gas notes that the forecasted increase in bad debt for 2025 is a result of higher arrear balances which can be attributed to several factors such as increasing energy costs (including the annual increase in the Federal Carbon Charge), economic conditions, inflation, unemployment and limited programs available to help customers pay their arrears. Since the start of 2020, Enbridge Gas has claimed additional challenges contributing to bad debt including winter reconnection guidelines impacting the company's ability to collect debts, customer-driven access issues to meter readings making it increasingly difficult to pursue disconnection for non-payment, and significant increase in business closures and the volume of vacant properties since 2021. To address the increase in bad debt, Enbridge Gas indicated that it applies proactive measures to assist customers, including providing flexible payment options, offering equal billing for the year, implementing low-energy assistance programs (LEAP), and supporting initiatives to enhance energy efficiency and reduce energy costs in homes. They have increased targeted customer outreach in 2024 with a focus on customers with longstanding arrears and balances owing. These measures are in addition to regular targeted collections strategies that Enbridge Gas administers to collect past-due balances and drive reductions in bad debt like written communications and customer calls with an intent to negotiate payment arrangements or confirmation of payment to avoid disconnection.[13]

As part of Enbridge Gas's 2024 Rebasing Application, Enbridge Gas proposed to consolidate the two GGEADAs into one account effective January 1, 2024.[14] Through the Settlement Proposal in that proceeding, parties agreed on harmonizing the FCPP deferral and variance accounts, with one modification; that the GGEADA would be

[12] Exhibit C, Tab 1, Schedule 1, page 13, Table 3
[13] Response to Exhibit I.STAFF-5
[14] EB-2022-0200, Application and Evidence, Exhibit 9, Tab 1, Schedule 2, p. 25

renamed the Carbon Charges Bad Debt Deferral Account (CCBDDA) and the scope would be limited to recording the bad debt cost associated with carbon charges.[15] The OEB approved the harmonization and changes to the FCPP deferral and variance accounts through its Decision on the Settlement Proposal.[16] Starting in 2024, Enbridge Gas is only to record FCPP-related bad debt costs in the CCBDDA. Accordingly, Enbridge Gas provided a forecast for the 2025 bad debt costs for informational purposes only and will seek recovery of its actual 2025 bad debt costs in a future proceeding.

Submission

OEB staff has reviewed the supporting evidence and supports the disposition of the balance of $7.40 million in administration costs in the GGEADAs for 2023. The Decision and Order on Enbridge Gas's 2023 FCPP application indicated that the FCPP was now well established and the OEB expected the 2021 level of administrative costs to be sufficient related to staffing, consultant and external legal and other costs including travel and conferences.[17] The OEB stated that although administration costs would not be capped, Enbridge Gas would need to demonstrate the basis for any increases beyond its currently approved inflator (inflation less productivity and stretch factor).[18] Although there was one additional FTE joining the Carbon Strategy team in 2023 under a Specialist role, Enbridge Gas's actual 2023 total costs for both (i) internal staffing resources and (ii) external consulting and legal support were less than forecasted for those two categories combined. In its response to staff interrogatories, Enbridge Gas also noted that its 2022 and 2023 administrative costs in the three stipulated administrative areas (internal staffing, consultant and external legal support, and other miscellaneous costs) were below the approved 2021 administration costs deemed to be sufficient.[19] Therefore, OEB staff submits that Enbridge Gas costs are reasonable and in line with the expectations of the OEB as set out in its 2023 FCPP Decision. However, OEB staff continues to reiterate and emphasize that Enbridge Gas's staffing resource complement (whether internal or external) should now be more than sufficient to address the current carbon charge-related items and that no further changes to resourcing are required unless under exceptional circumstances.

For 2025, OEB staff notes that the forecast bad debt is $13.05 million, which is 48% higher than the 2024 forecasted bad debt of $8.80 million and 148% higher than the actual bad debt in 2023 of $5.26 million. Given the significant rise in this figure, OEB

[15] EB-2022-0200, Settlement Proposal, Exhibit O1, Tab 1, Schedule 1, page 54
[16] EB-2022-0200, Decision on Settlement Proposal, August 17, 2023
[17] In its 2023 FCPP application under EB-2022-0194, the OEB approved the disposition of $3.79 million in administrative costs of which $0.93 million relates to staffing resources, $0.51 million in consulting and external legal support, and $0.01 million in other miscellaneous costs.
[18] EB-2022-0194, Decision and Order, February 9, 2023, page 10
[19] Response to Exhibit I.STAFF-3

staff reiterates that Enbridge Gas should scale its efforts to proactively mitigate bad debt amounts where possible. From the evidence provided in its 2025 FCPP application and in Enbridge Gas's response to staff interrogatories on bad debt, OEB staff believes Enbridge Gas is making a commercially reasonable effort to track and collect bad debt from its customers. However, Enbridge Gas's efforts in this area should continue to scale (up or down) based on the level of forecasted bad debt.

Balance in Federal Carbon Charge - Facility Variance Accounts

Background

Enbridge Gas is seeking disposition of the 2023 facility-related variance of $(5.41) million in the FCCVAs, including $(0.16) million for the EGD rate zone and $(5.26) million for the Union rate zones. The FCCVAs record the variance between actual facility-related FCPP costs and the facility-related costs that have been recovered through rates based on the previously forecasted facility-related FCPP costs. Enbridge Gas's facility-related volumes and associated costs are composed of Company Use Volumes (facilities which are not covered under the EPS) and EPS Volumes from January 1, 2023, to December 31, 2023. Enbridge Gas's 2023 facility-related obligation was $3.99 million ($1.78 million related to Company Use Volumes and $2.21 million related to EPS Volumes), of which $3.74 million is attributable to Enbridge Gas's regulated utility operations.

Submission

OEB staff has no concerns with Enbridge Gas's calculations regarding the balance in the FCCVAs. OEB staff have reviewed the supporting evidence and supports the disposition of the balance of $(5.41) million in the FCCVAs for 2023.

Balance in the Federal Carbon Charge – Customer Variance Account

Background

Enbridge Gas indicated that this reflects a variance between the amount of revenue billed through the Federal Carbon Charge and the subsequent amount Enbridge Gas remits to the Government of Canada. The variances recorded are due to deliveries of renewable natural gas (RNG) and hydrogen to customers in 2023, through the Company's OptUp program and Low Carbon Energy Project, respectively. Under the GGPPA and Fuel Charge Regulations,[20] RNG and hydrogen are not subject to the Federal Carbon Charge.

Due to billing system functionality constraints, Enbridge Gas cannot reduce the Federal

[20] *Greenhouse Gas Pollution Pricing Act*, Fuel Charge Regulations (2018, c. 12, s. 187)

Carbon Charge only on the portion of a system supply customer's bill that is RNG or hydrogen. Given the limited quantity of exempt fuels delivered to customers to date, modifying the billing system to implement this functionality would significantly increase administrative complexity and costs, for limited economic benefit to customers. However, Enbridge Gas has proposed to make the necessary changes to its billing system to reduce the Federal Carbon Charge on the bill of sale service customers as part of its proposal to procure RNG for the Lower-Carbon Energy Program included in its 2024 Rebasing Phase 2 proceeding.[21]

Due to the small balances in the CCCVAs, Enbridge Gas is proposing to defer disposition until the balances become substantial enough to generate a unit rate that could credit customers. In its 2024 FCPP application, Enbridge Gas forecasts that a balance of approximately $25,000 (approximately $15,000 for the EGD rate zone and approximately $10,000 for the Union rate zones) would be required to generate a unit rate. However, the cumulative balance of the 2022 and 2023 CCCVAs including interest is a credit of $0.03 million (or $30,234). Enbridge Gas notes that the cumulative balance in the CCCVA – Union rate zones is a credit of $3,356, which is below the estimated threshold of $10,000 required to generate a unit rate for disposition. The one-time adjustment for a typical residential customer would be a refund of less than $0.01. The cumulative balance in the CCCVA – EGD rate zone is a credit of $26,878, which is above the estimated threshold of $15,000 to generate a unit rate for disposition, but the one-time adjustment for a typical resident customer would be a refund of less than $0.01. Therefore, Enbridge Gas is proposing to defer the disposition of both accounts as the balances and unit rates result in bill refunds that are less than $0.01 for a typical residential customer in both rate zones.[22]

Submission

OEB staff has no concerns with Enbridge Gas's proposed approach to deferring disposition of the balances in the CCCVAs until the amount is sufficient to generate a unit rate.

Managing Facility-Related FCPP Emissions and Costs

Background

In its 2021 FCPP application, Enbridge Gas committed to identify, track, and report on emission reduction opportunities using criteria that effectively balance management of its compliance obligations under the FCPP, estimated capital costs, safety, and operational reliability. The Decision and Order on Enbridge Gas's 2022 FCPP

[21] Response to Exhibit I.STAFF-6(c)
[22] Response to Exhibit I.STAFF-6(a)

application stated that Enbridge Gas's next FCPP application should set out, in a comprehensive fashion, the management of Enbridge Gas's own obligations that identifies its approaches towards achieving efficiencies and reduction of carbon emissions related costs to its customers.[23]

To support the achievement of federal, provincial and Enbridge Inc. greenhouse gas emission reduction targets, and to support the reduction of facility-related emissions costs, Enbridge Gas stated that it is developing and implementing an emission reduction strategy for emissions resulting directly from Enbridge Gas's operations. This strategy covers emissions from the combustion of fuels in its buildings, equipment and vehicles, and methane emissions from venting and leaked natural gas.

Similar to its 2023 and 2024 FCPP applications, Enbridge Gas provided a summary of the opportunities to date that it is implementing to reduce EPS volumes in its current 2025 FCPP application. These continue to include storage and transmission operations online monitoring and air filter replacements for turbines. Enbridge Gas also identified additional opportunities to reduce emissions and facility-related costs that are not currently considered financially feasible.[24] Enbridge Gas noted that as part of its Scope 1 and 2 GHG emissions reduction program, which addresses Enbridge Gas's own direct fugitive, vented, flared, and stationary combustion emissions, and indirect electricity emissions, a working group was established to support the identification and implementation of emissions reduction initiatives. The working group consists of functional leaders (subject matter experts from Distribution Operations, Buildings/Fleet, Storage and Transmission Operations, and Engineering), and a support group (consisting of representatives from Asset Management, Finance, Regulatory, Energy Transition Planning and Integrated Management System). Identified opportunities are reviewed regularly by the working group, including revisiting any previous assumptions, project costs, and the cost of carbon. As part of regular working group meetings, members will work to continue to identify new opportunities including the identification and implementation of emission reduction initiatives related to fugitive and venting emissions. Moreover, the working group has identified new opportunities and revisited existing opportunities for Emissions Performance Program (EPP) funding. With many drivers such as EPP, Federal Methane Regulations, and recent fugitive emissions commitments as part of the EB-2024-0125 settlement proposal, Enbridge Gas notes it has multiple working groups that meet regularly with information moving to the larger working group as required.[25]

Enbridge Gas has alternative compliance options to satisfy its annual EPS compliance

[23] EB-2021-0209, Decision and Order, February 10, 2022
[24] Exhibit A, Tab 2, Schedule 1, page 14, Table 3
[25] EB-2023-0196 & EB-2024-0251 Exhibit I.Staff-1

obligations aside from paying the excess emissions charge, including the purchase of Credits or Emission Performance Units (EPUs) from other EPS participants. Enbridge Gas is looking to find the right balance between purchasing EPUs and paying the excess emission charges by considering the potential upfront cost savings, reduction in EPP funding in correlation to facility-related emission reduction project costs that may not otherwise have funding to move forward, and the availability of EPUs in the market. For its 2023 EPS obligation, Enbridge Gas determined that the right approach would be to purchase EPUs for a portion of the EPS obligation for upfront cost savings, securing adequate EPP funding in 2025, and paying the excess emissions charge for the remaining obligation. However, Enbridge Gas was unsuccessful in coming to mutually agreeable contract terms with a counterparty and there was insufficient time to identify and contract with other EPS participants selling EPUs. As a result, Enbridge Gas satisfied its 2023 obligation by paying the excess emissions charge on its entire obligation.[26]

Submission

OEB staff submits that Enbridge Gas has reasonably set out ways to reduce its facility-related emissions. OEB staff is supportive of Enbridge Gas's approach to annually update its greenhouse gas reduction strategy and expects new opportunities to be identified by the working groups it has established.

With respect to Enbridge Gas's 2023 EPS compliance obligation, OEB staff finds Enbridge Gas's approach to striking a balance between upfront cost savings and having adequate EPP funding for facility-related emission reduction projects to be reasonable. Although Enbridge Gas was unsuccessful in purchasing EPUs to meet its 2023 compliance obligation, OEB staff encourages Enbridge Gas to continue balancing and assessing opportunities to reduce emissions and costs through the purchase of EPUs where cost savings can be realized without jeopardizing facility-related emission reduction projects that would otherwise not be able to move forward without the EPP funding.

Implementation

Enbridge Gas intends to reflect 2025 increases to rates for the Federal Carbon Charge and Facility Carbon Charge and the one-time adjustment for the disposition of the DVAs as part of its April 1, 2025, Quarterly Rate Adjustment Mechanism (QRAM) application.

OEB staff submits that, if the OEB approves the 2025 rates requested by Enbridge Gas in this application (which OEB staff has supported), a Draft Rate Order in this proceeding is not necessary. The unit rates for the Federal Carbon Charge and Facility

[26] Response to Exhibit 1.STAFF-2

Carbon Charge are shown in Exhibit D, Tab 2, Schedule 1 for the EGD rate zone, and Exhibit D, Tab 3, Schedule 1 for the Union rate zones. The unit rates for disposition of the DVAs can be found at Exhibit D, Tab 2, Schedule 4 for the EGD rate zone and at Exhibit D, Tab 3, Schedule 4 for the Union rate zones. Enbridge Gas's proposed approach to cost recovery is consistent with its prior year FCPP application.[27]

Alternatively, if Enbridge Gas believes a Draft Rate Order is necessary, Enbridge Gas may wish to file a Draft Rate Order with its reply submission to expedite the approval process, as was done in Enbridge Gas's 2022 FCPP application.

~All of which is respectfully submitted~

[27] EB-2023-0196, Decision and Order, February 8, 2024.