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Enbridge Gas Inc.
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January 21, 2025

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)
Ontario Energy Board (OEB) File No.: EB-2024-0251
2025 Federal Carbon Pricing Program (FCPP) Application
Reply Submissions**

In accordance with the OEB's Procedural Order No. 1, dated November 15, 2024, please find the Reply Submission of Enbridge Gas enclosed.

If you have any questions, please contact the undersigned.

Sincerely,

Justin Egan
Technical Manager, Regulatory Applications

cc.: D. O'Leary (Aird & Berlis)

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15 (Sched. B);

AND IN THE MATTER OF an Application by Enbridge Gas Inc., pursuant to section 36(1) of the *Ontario Energy Board Act, 1998* for an order or orders for gas distribution rate changes related to compliance obligations under the *Greenhouse Gas Pollution Pricing Act*, S.C. 2018, c. 12, s. 186.

REPLY SUBMISSION OF ENBRIDGE GAS INC.

Introduction and Overview

1. Enbridge Gas Inc. (Enbridge Gas), the Applicant, was formed by the amalgamation of Enbridge Gas Distribution Inc. (EGD) and Union Gas Limited (Union) on January 1, 2019 pursuant to the *Ontario Business Corporations Act*, R.S.O. 1990, c. B. 16. Enbridge Gas carries on the business of distributing, transmitting, and storing natural gas within the meaning of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Sched. B (Act), in Ontario.
2. On September 26, 2024, Enbridge Gas applied to the Ontario Energy Board (OEB) pursuant to section 36(1) of the Act (Application) for:
 - (i) An order or orders allowing Enbridge Gas to charge customers a Federal Carbon Charge on a volumetric basis of 18.11 ¢/m³, in the amount of the Federal Carbon Charge required to be paid by Enbridge Gas pursuant to the *Greenhouse Gas Pollution Pricing Act*, S.C. 2018, c. 12, s. 186 (GGPPA), on a final basis effective April 1, 2025;
 - (ii) An order or orders approving or fixing just and reasonable rates for all Enbridge Gas rate zones (EGD, Union Northeast, Union Northwest, and Union South),¹ on a final basis effective April 1, 2025, to allow Enbridge Gas to recover other costs (including the common Facility Carbon Charge cost of 0.0172 ¢/m³ for all Enbridge Gas rate zones) incurred in

¹ Collectively, the Union Northeast, Union Northwest and Union South rate zones are referred to as the "Union rate zones".

compliance with the federal GGPPA and Ontario Emissions Performance Standards (EPS) Regulation;² and

- (iii) An order or orders approving the 2023 balances for all Federal Carbon Pricing Program (FCPP) related deferral and variance accounts, excluding the Customer Carbon Charge – Variance Accounts (CCCVAs), for all Enbridge Gas rate zones, and an order to dispose of those balances through a one-time billing adjustment to all customers in the EGD and Union rate zones as early as the April 1, 2025 QRAM.
3. In accordance with the OEB's Procedural Order No. 1 (dated November 15, 2024), this is the Reply Submission of Enbridge Gas in response to the written submission of OEB Staff dated January 6, 2025.

Reply to OEB Staff Submission

4. OEB Staff supports all aspects of the Application, including approval of the proposed Federal Carbon Charge and Facility Carbon Charge rates as requested by Enbridge Gas, on a final basis effective April 1, 2025. OEB Staff also supports the disposition of the 2023 Greenhouse Gas Emissions Administration Deferral Accounts (GGEADAs) and Facility Carbon Charge – Variance Accounts (FCCVAs) balances. OEB Staff has no concerns with Enbridge Gas's proposal to defer disposition of the minor balances in the CCCVAs until the balances become sufficient to generate a unit rate.
5. With respect to Enbridge Gas's 2023 administration costs, OEB Staff supports the disposition of the balance of \$7.40 million in the GGEADAs, noting that Enbridge Gas reasonably adhered to the direction within the OEB's Decision and Order on Enbridge Gas's 2024 FCPP application. While supportive of the disposition of the GGEADAs balances, OEB Staff also submitted that no further expansion of the Carbon Strategy team is required as Enbridge Gas's staffing resource complement should now be sufficient.³
6. As outlined in evidence at Exhibit C, Tab 1, Schedule 1, pp. 12-13, the OEB approved modifications to the GGEADAs as of January 1, 2024, effectively consolidating the GGEADAs into a single Enbridge Gas account and limiting the scope of the account to recording bad debt costs associated with carbon charges. Accordingly, all cost elements, excluding bad debt, previously recorded in the GGEADAs (IT billing system, staffing resources, consulting and external legal support, GHG reporting and verification and other miscellaneous costs) are

² O.Reg. 241/19: Greenhouse Gas Emissions Performance Standards

³ OEB Staff Submission, pp. 6-7.

recovered through 2024 base rates and Enbridge Gas will not be seeking clearance of these administrative costs through future FCPP applications. Therefore, Enbridge Gas believes that it is unnecessary for the OEB to cap or otherwise constrain the ability of Enbridge Gas to manage the required staffing resources going forward.

7. OEB Staff also recommends that Enbridge Gas continue to provide average use consumption trend analysis as part of its Federal Carbon Charge applications.⁴ Enbridge Gas notes that it will continue to assess the impacts of the Federal Carbon Charge on customer consumption, and include an updated analysis in its future FCPP applications.
8. With respect to the implementation of rates, OEB Staff notes that if the OEB approves the 2025 rates requested by Enbridge Gas in this application, a Draft Rate Order in this proceeding is not necessary. Enbridge Gas agrees with OEB Staff that a Draft Rate Order in this proceeding is not necessary.

All of which is respectfully submitted this 21st day of January 2025.



Justin Egan
Technical Manager Regulatory Applications

⁴ OEB Staff Submission, p. 6.