

February 27, 2025

Sent by EMAIL, RESS e-filing

Ms. Nancy Marconi
Registrar
Ontario Energy Board
27-2300 Yonge Street
Toronto, ON M4P 1E4

Dear Ms. Marconi:

**Re: EPCOR Natural Gas Limited Partnership (“ENGLP”) Quarterly Rate Adjustment
Mechanism (“GRAM”)
Notice of Commodity-Related Price Increase Estimate - April 2025**

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 customer’s bill that is expected when ENGLP files its April 2025 GRAM application.

Southern Bruce

Based on market pricing trends since the preliminary estimate was prepared, ENGLP Southern Bruce expects it is likely that for an average residential customer, the commodity bill increase will be higher than 25% in Southern Bruce when the April 2025 GRAM is prepared.

Aylmer

At the time of this submission, ENGLP has not received a letter from Enbridge Gas Inc. regarding commodity pricing, but given the price increases anticipated in Southern Bruce, ENGLP also wants to flag the possibility that for an average residential customer, the commodity bill increase will be higher than 25%, and/or the annual bill impact will increase by more than 10%, for the franchise area since the system gas rates are dependent upon the rates set by Enbridge for the Union South rate zone.

The projected total bill increase when compared to currently approved interim rates (EB-2024-0338) is compounded due to the implementation of ENGLP Aylmer’s cost of service application (EB-2024-0020, effective March 1) and the Federal Carbon Pricing Plan application (EB-2024-0237, effective April 1).

Rate Mitigation

In both instances, should the commodity bill increase be greater than 25%, or the total annual bill impact will increase by more than 10%, for an average residential customer, ENGLP is planning to include a plan to mitigate the increase to an acceptable level with the April 2025 QRAM application. Note that any mitigation proposed would impact commodity costs only and not other rate designs.

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.

Cost Drivers of the Commodity Bill Impacts

Southern Bruce

Of the estimated bill impact for a typical residential customer, the cost drivers is the increases related to the market price of natural gas due to cold winter with higher gas demand. The annual bill impact for an average residential sales service customer is an increase of approximately \$168.

1. Increase in the market price of natural gas

The price used to set the gas commodity rate is forecast for April 1, 2025 to March 31, 2026 and is expected to increase \$1.2729/GJ to \$4.7564/GJ from the prices approved by the Board in the January 2025 QRAM.

ENGLP expects to file its April 1, 2025 QRAM application on or about March 10, 2025.

Please feel free to contact me if you have any questions regarding this matter.

Sincerely,

Tim Hesselink
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EPCOR Natural Gas Limited Partnership
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