Justin Egan
Technical Manager
Regulatory Applications
Regulatory Affairs

Tel: 519-350-3398
Email: justin.egan@enbridge.com
EGIRegulatoryProceedings@enbridge.com

Enbridge Gas Inc.
P.O. Box 2001
50 Keil Drive North
Chatham ON N7M 5M1

VIA RESS and EMAIL

March 18, 2025

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

Dear Nancy Marconi:

Re: EB-2025-0078 – Enbridge Gas Inc. – April 1, 2025
Quarterly Rate Adjustment Mechanism (QRAM) Application

On March 11, 2025, Enbridge Gas filed its application and evidence in the above noted proceeding (Original Application).

Enbridge Gas received questions from the Canadian Manufacturers & Exporters (CME) and from the Federation of Rental-housing Providers (FRPO) on the Original Application.

Enclosed please find the responses of Enbridge Gas to the questions received, set out as interrogatory responses.

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

Sincerely,

Justin Egan

Justin Egan
Technical Manager, Regulatory Applications

cc: All Interested Parties EB-2008-0106, EB-2019-0137, EB-2024-0067, EB-2022-0200, and EB-2024-0111

ENBRIDGE GAS INC.

Answer to Interrogatory from
Canadian Manufacturers & Exporters (CME)

Interrogatory

Question(s):

As the Board is aware, it is CME's practice to conduct a due diligence of Union's QRAM applications. We have done so in this case. We have the following question related EGI's rate mitigation proposal:

- At Exhibit A, Tab 2, Schedule 2, p. 4 of 7, EGI stated that the QRAM is "intended to strike a balance between ensuring that consumers are receiving appropriate price signals which reflect the actual natural gas market price and protecting the interests of system supply customers by reducing, to some extent, volatility in the price of natural gas."

- At Exhibit A, Tab 2, Schedule 2, p. 5 of 7, EGI stated that it considered other rate mitigation strategies, including a 24-month disposition period. EGI stated that it did not use a 24-month mitigation period, in part, because a "significant portion of the total bill impacts are a result of the increase in Federal Carbon and the company does not find it appropriate to smooth this over a 24-month period"

Since increases to the federal carbon charge impact customers in the same way as increases to any market-based commodity price increase, and the point of the QRAM (regardless of the cause of increases) is to balance price signals with reduced cost volatility, why does EGI believe it is appropriate to discriminate as between causes of market price fluctuations in its mitigation plan responses?

Response:

The April 2025 QRAM application, as filed on March 11th, 2025, proposed a rate mitigation plan that would limit total bill impacts, inclusive of the increase to the Federal Carbon charge, to below 10% for a typical residential customer. Enbridge Gas did not discriminate between the drivers of the increase (i.e. the commodity vs federal carbon increase) and treated the bill impacts wholistically.

In considering the appropriate approach for a rate mitigation plan, Enbridge Gas determined that a temporary credit to the PGVA was preferable compared to a longer term smoothing over 24 months as the Federal Carbon charge increased annually.

Please note that the updated April 2025 QRAM application, as filed on March 18th, 2025, no longer proposes a rate mitigation plan due to the reduction of the Federal Carbon Charge to $0.00 and the resulting decrease to total bill impacts for all rate classes subject to the Federal Carbon charge.

ENBRIDGE GAS INC.

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

Interrogatory

Question(s):

Our specific concerns relate to Exhibit C, Tab 4, Schedule 4, page 2 in which EGD determines the Calculation of Gas Supply Load Balancing & Transportation Charges by Rate Classes. The table provides numeric figures for the derivation of load balancing less WARP and transportation charges. The table provides numeric figures under the two categories but does not reference the source of the data used nor can we find a description of the methodology including how cost variances are determined and allocated.

We respectfully request that EGI provide a description of the methodology including assumption regarding allocators and the process used to determine and allocate cost variances from those used in ratemaking. We believe it would be helpful to provide the appropriate references and sources as footnotes to the schedule to allow understanding and/or the Excel spreadsheets including worksheets to inform the reader.

Response:

As described in Enbridge Gas's response to FRPO in the September 2022 QRAM interrogatory (EB-2022-0219, Exhibit I.FRPO.1),

> the OEB-approved methodology to recover load-balancing and transportation costs has been in place for the EGD rate zone prior to EB-2008-0106 (QRAM Generic Proceeding). This methodology reflects the service attributes and underlying gas supply portfolio in the EGD rate zone.

The Empress and PGVA reference prices are determined based on future market prices over a 21-day period as per the OEB approved methodology. The Empress reference price, inclusive of fuel, is used to design/set the gas supply charge. The cost of gas supply commodity is recovered from system gas customers. As per the OEB-approved methodologies, any price premium or discount for gas supplies purchased at other supply hubs over the Empress reference price are classified as transportation (i.e. deemed transportation costs) and, in the case of delivered supplies, to load balancing as peaking and seasonal. The proposed quarterly Load Balancing and Transportation adjustments are allocated to the rate classes at the EGD rate zone based on 2018 Board approved cost allocation study.

The allocator for the allocation of Load Balancing – Peak charges is “Deliverability” (EB-2025-0078, Exhibit C, Tab 3, Schedule 2, page 1, Line 3.1). The allocator for the allocation of Load Balancing – Seasonal charges is “Space” (EB-2025-0078, Exhibit C, Tab 3, Schedule 2, page 1, Line 3,2). The allocator for the allocation of Annual Transportation charges is “Bundled Transportation Deliveries” (EB-2025-0078, Exhibit C, Tab 3, Schedule 2, page 1, Line 1.2).

The proposed April 2025 QRAM Annual Peaking charge for Rate 1 of $14.575 million (EB-2025-0078, Exhibit C, Tab 4, Schedule 4, page 2, Line 4.1, Col.2) is determined by summing the January 2025 QRAM Peaking charge of $ 9.488 (EB-2024-0326, Exhibit C, Tab 4, Schedule 4, page 2, Line 4.1, Col. 2) with the Proposed April 2025 QRAM adjustment of $5.087 million (EB-2025-0078, Exhibit C, Tab 3, Schedule 1, page 1, Line 2.2, Col.2). The determination of the Annual Peaking charges for the other rate classes follows the same approach.

The proposed April 2025 QRAM Annual Seasonal charge for Rate 1 of $115.827 million (EB-2025-0078, Exhibit C, Tab 4, Schedule 4, page 2, Line 4.2, Col.2) is determined by summing the January 2025 QRAM Annual Seasoning charge of $ 79.596 (EB-2024-0326, Exhibit C, Tab 4, Schedule 4, page 2, Line 4.2, Col. 2) with the Proposed April 2025 QRAM adjustment of $36.23M (EB-2025-0078, Exhibit C, Tab 3, Schedule 1, page 1, Line 2.3, Col.2). The determination of the Annual Seasonal charges for the other rate classes follows the same approach.

The proposed April 2025 QRAM Annual Transportation charge for Rate 1 of $357.341 million (EB-2025-0078, Exhibit C, Tab 4, Schedule 4, page 2, Line 7.3, Col.2) is determined by summing the January 2025 QRAM Annual Transportation charge of $272.454 (EB-2024-0326, Exhibit C, Tab 4, Schedule 4, page 2, Line 7.3, Col. 2) with the Proposed April 2025 QRAM adjustment of $84.89 million (EB-2025-0078, Exhibit C, Tab 3, Schedule 1, page 1, Line 2.4, Col.2). The determination of the Annual Transportation charges for the other rate classes follows the same approach.

ENBRIDGE GAS INC.

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

Interrogatory

Question(s):

What is the Enbridge plan currently for any adjustments to this application to account for the price change?

If none, please provide Enbridge's views on how ratepayers will be refunded appropriately for a charge that does not exist after April 1st.

Response:

Enbridge Gas filed a letter with the OEB on March 17, 2025, to notify the OEB of its intent to file an amended April 2025 QRAM application to reflect the rate changes resulting from the Canadian Federal government's recent decision to set the federal carbon charge at $0.00. The Company filed the amended QRAM application on March 18, 2025.

The updated QRAM application proposed an amendment of Rider J to adjust the federal carbon charge to $0.00. Enbridge Gas is not seeking to adjust the facility related carbon charge at this time as this is recovered in delivery rates and is very small relative to the federal carbon charge. Any variance between the amounts included in delivery rates and the actual facility related carbon charges collected will be tracked in the Facility Carbon Charge Variance Account (FCCVA) for future disposition.

Enbridge Gas also proposed in its amended April 2025 QRAM application to eliminate the rate mitigation measures related to the gas commodity price increases in all rate zones. The reduction of the federal carbon charge to $0.00 has resulted in a significant annual decrease on a typical residential sales service customer's total bill, which mitigates the impacts of the gas commodity price increase.