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BY EMAIL

March 24, 2025

Ms. Nancy Marconi  
Registrar  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4  
[Registrar@oeb.ca](mailto:Registrar@oeb.ca)

Dear Ms. Marconi:

**Re: Ontario Energy Board (OEB) Staff Letter of Comment  
EPCOR Natural Gas Limited Partnership- Aylmer  
April 2025 Quarterly Rate Adjustment Mechanism (QRAM) Application  
OEB File Number: EB-2024-0096**

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Please find attached OEB staff's comments in the above-referenced proceeding.

Yours truly,

Natalya Plummer  
Case Manager, Natural Gas Applications

Encl.

cc: All parties in EB-2024-0096

## Background

The Ontario Energy Board (OEB) requires natural gas distributors, one month in advance of the normal Quarterly Rate Adjustment Mechanism (QRAM) filing date, to complete a preliminary estimate of the change in the commodity portion of a typical residential sales service customer's bill that arises from the forecast cost of gas for the next quarter and the forecasted Purchased Gas Commodity Variance Account (PGCVA) 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 sales service customer's bill (which includes all commodity-related rate riders), must file a letter with the OEB 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 PGCVA balances that the distributor expects to clear. The letter must be filed with the OEB as soon as possible after the preliminary forecast has been completed and no later than 14 days before the filing date of the QRAM application.

After the letter is filed with the OEB (if applicable), the distributor files its QRAM application in accordance with the OEB-approved QRAM methodology.<sup>1</sup> If a 25% or greater change on the commodity portion of a typical residential sales service customer's bill is still anticipated, the distributor must also include evidence which explains, in detail, the reasons for the large rate increase (or decrease). Where the change is an increase, the distributor must include a plan for mitigation of the increase. The OEB has not specified what form the mitigation proposal should take but has indicated that it would consider the necessity for and method of implementation of mitigation on a case by case basis.<sup>2</sup>

On February 27, 2025, EPCOR Natural Gas Limited Partnership (EPCOR) filed a letter to inform the OEB that the gas commodity portion of the bill was expected to increase by more than 25% for sales service customers in Aylmer. EPCOR stated that should the commodity bill increase be greater than 25% for an average residential customer, it planned to include a rate mitigation proposal.

On March 12, 2025, EPCOR filed its April 2025 QRAM application for the Aylmer service territory. EPCOR purchases natural gas, on behalf of its sales service customers in the Aylmer service territory, from Enbridge Gas Inc. (Enbridge Gas) and from a local producer.<sup>3</sup> Enbridge Gas's rates and any approved rate mitigation directly flow through to the rates that EPCOR Aylmer system gas customers are charged. EPCOR sought to implement the rates previously approved by the OEB in EPCOR's

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<sup>1</sup> EB-2008-0106

<sup>2</sup> EB-2014-0199, Decision and Order, p. 6

<sup>3</sup> The formula for the price paid to the local producer takes into account Enbridge Gas's total gas supply commodity charge.

2025 Federal Carbon Pricing proceeding<sup>4</sup>. EPCOR submitted that although the total bill increase was greater than 10% that no mitigation beyond what was approved for Enbridge Gas.

On March 18, 2025, EPCOR filed a letter with the OEB indicating that it would file an amended application to reflect changes related to the federal carbon charge. In its letter, EPCOR indicated that federal regulations amending Schedule 2 to the *Greenhouse Gas Pollution Pricing Act* and the *Fuel Charge Regulations* were published in the [Canada Gazette](#) on March 15, 2025. EPCOR stated that these amendments set the federal carbon charge to zero, after March 31, 2025.

On March 20, 2025, EPCOR filed its amended April 2025 QRAM, reflecting among other changes, the elimination of the federal carbon charge and the facility carbon charge.

## Application Summary

In its amended application, in all rate zones the federal carbon charge and the facility carbon charge are set to zero in accordance with the recent amendments to the Greenhouse Gas Pollution Pricing Act and the Fuel Charge Regulations.

EPCOR identified that the bill impact for the commodity portion of the bill for a typical residential sales service customer would exceed 25%. However, the increase to the commodity portion of the bill is more than offset by the removal of the federal carbon charge and the facility carbon charge, and under the amended application total bills will decrease by 12.5% for an average residential customer.

## OEB Staff Position

OEB staff submits that the OEB should approve EPCOR's amended application as filed.

## Proposed Rates

EPCOR did not propose a plan to mitigate the commodity-related bill increases below 25% with the amended application. With the removal of the federal carbon charge and the facility carbon charge, the total annual bill impact for a typical residential sales service customer is a decrease of 12.5%. OEB staff agrees with EPCOR that no rate mitigation is necessary.

OEB staff notes that EPCOR is requesting to remove both the federal carbon charge

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<sup>4</sup> EB-2024-0237, Decision and Order, February 28, 2025

and facility carbon charge from the April 1 rate order, whereas Enbridge Gas is only requesting to remove the federal carbon charge. OEB staff understands that only a portion of the costs recovered through Enbridge Gas's facility carbon charge will be impacted by the amendment in federal regulations, whereas EPCOR's carbon pricing costs currently recovered through the facility carbon charge are fully impacted by the amendment in federal regulations and will fall to zero. OEB staff request that EPCOR confirm this understanding as part of its responses to comments. OEB staff also request that EPCOR provide more details on how its facility obligations drop to zero in the Aylmer rate zone with the removal of the federal carbon charge and how the industrial emitter and provincial Emissions Performance Standards apply or not apply to EPCOR.

## Other Items

OEB staff requests that EPCOR clarify the following items found in its April 2025 QRAM application.

Ref: Application, page 13

On page 13 of the application, EPCOR states that it entered into a contract with Clearbeach Resources and is planning to flow gas under the contract beginning December 2024. OEB Staff requests that EPCOR update the application with the date that gas began to flow under the contract and confirm that these volumes are included in Schedule 6.

Ref: Application, page 17

OEB Staff requests that EPCOR confirm that the reference on page 17 of the application to RNG pricing should be for the period of April 1, 2025, through March, 2026 and not January 1, 2025 through December 2025.

Ref: Application, page 20

On page 20 of the application, EPCOR states that the impact on the Gas Purchase Rebalancing Account (GPRA) from the change in the reference price is a debit amount of \$682,918.44, as shown on the December, 2024 line of column (K) in schedule 8. OEB Staff requests that EPCOR confirm that the reference on page 20 of the application to the debit amount of \$682,918.44 in schedule 8 should be to the March, 2025 line of column (J).

OEB staff submits that EPCOR's application should be approved pending any possible changes resulting from the requests made by OEB staff.