

VIA RESS and EMAIL

June 18, 2025

Ritchie Murray
Acting Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, Ontario M4P 1E4

Dear R. Murray:

**Re: EB-2025-0165 – Enbridge Gas Inc. (Enbridge Gas) – July 1, 2025
Quarterly Rate Adjustment Mechanism (QRAM) Application - Updated**

On June 11, 2025, Enbridge Gas submitted an update to the above-mentioned application and supporting evidence to the Ontario Energy Board (OEB) and other interested stakeholders. Further updates were submitted on June 13 to correct a technical error identified in Exhibit F, Tab 1, Schedule 1.

On June 13, 2025, OEB staff requested more information on the market dynamics underlying the commodity-related bill increase in the Union North West rate zone. Enbridge Gas would like to provide the following supporting information:

- During the 2024/25 winter season, Empress maintained high storage inventories, resulting in a unique pricing trend compared to other basins.
- As reported in January QRAM (EB-2024-0326) and April QRAM (EB-2025-0078), Empress' pricing experienced a downward pricing trend while the rest of the respective portfolio experienced rising costs.
- By the end of the 2024/25 winter, Empress' storage inventories normalized and the impact of the pricing trend at Empress was partially offset by an improvement in the foreign exchange between April QRAM and July QRAM.
- The increase in commodity-related charges is due to both the changes in the Alberta Border Reference Price, influenced by the factors mentioned earlier and the adjustments in the commodity-related components of Rider C and associated PGVA and Inventory Revaluation Deferral Accounts.

Enbridge Gas also received questions from the Federation of Rental-Housing Providers (FRPO) and Canadian Manufacturers & Exporters (CME) regarding the above noted

application. Enclosed, please find the responses of Enbridge Gas to the FRPO and CME questions, set out as interrogatory responses.

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

Sincerely,

A handwritten signature in black ink that reads "Justin Egan". The script is cursive and fluid, with the first letters of the first and last names being capitalized and prominent.

Justin Egan

Technical Manager, Regulatory Applications

cc: All Interested Parties EB-2008-0106, EB-2019-0137, EB-2024-0067,
EB-2022-0200, EB-2024-0111, and EB-2025-0064

ENBRIDGE GAS INC.

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

Interrogatory

Question:

In its March 17, 2025, letter to the Board in EB-2025-0078, EGI stated that it would not adjust the facility related carbon charge for rates effective April 1, 2025. In this application, EGI stated that it was updating Rider J to remove the forecast cost of carbon associated with Company Use Volumes.

How much money did EGI collect with respect to the carbon charge on company use volumes for the period April 1 to July 1, 2025? Please confirm that that amount has been captured in the Facility Carbon Charge Variance Account as a credit to customers and will be subject to future disposition.

Response:

The facility carbon charge is composed of two components: (1) Company Use Volumes and (2) EPS Volumes. As the facility carbon charge is calculated as one rate, the revenue collected does not differentiate between the two components. From April to May 2025 (June 2025 is not yet available), Enbridge Gas has collected \$1.34 million in the Facility Carbon Charge Variance Account (FCCVA), related to revenue from the facility carbon charge.

As of April 1, 2025, due to the removal of the Federal Carbon Charge, Enbridge Gas no longer has costs associated with Company Use Volumes. In 2025, the revenue collected from the facility carbon charge, net any costs incurred related to Company Use Volumes from January to March and any costs incurred related to EPS Volumes from January to December, will continue to be recorded in the 2025 FCCVA and will be returned to customers through a future proceeding.

ENBRIDGE GAS INC.

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

Interrogatory

Reference:

Exhibit F, Tab 1, Schedule 1, page 1 and 4

Preamble:

In the original application, the proposed change to load balancing for the EGD Rate Zone was a 33% reduction while the proposal for load balancing reductions for the Union Northwest and Northeast was significantly less than 1%. In the update application, the EGD Rate load balancing reduction is now 24% but the Union zone impacts are the same.

Question:

Please provide an explanation of the market developments which contribute to the proposed changes to load balancing detailing how the EGD rate impact is so much different than Union North.

- a) Please ensure the description includes how changes in Empress pricing seem to impact the EGD zone different than Union Northwest even though these respective rate zones have comparable gas supply commodity increases proposed.
- b) Please explain how the determination that uses the WARP impacts these calculations
- c) Please explain how EGI has or will test their processes to minimize errors in QRAM.

Response:

The change in load balancing rates through the QRAM methodology in the EGD rate zone is related to changes in two components: the basis differential between the PGVA reference price and the Empress reference price, and changes in weighted-average reference price (WARP).

As described in Exhibit B, Tab 4, Schedule 1, page 4, paragraph 16, the decrease in the basis differential results in a decrease in transportation and load balancing related costs. Consistent with the EGD approved methodology, differences between the PGVA reference price and the Empress reference price are deemed to be transportation and/or load balancing related for the purposes of setting rates. Please refer to Table 1 for a summary of how the basis differential has changed between April 2025 QRAM and July 2025 QRAM. The rate change for EGD Rate 1 load balancing as a result of the basis differential can be found at Exhibit C, Tab 4, Schedule 3, Col. 6, line 1.06. The change in the basis differential is a result of the market dynamics that underpin the pricing at the various supply points that contribute to the PGVA reference price and the Empress reference price.

Table 1
July 2025 QRAM vs. April 2025 QRAM Basis Differential Calculation

Line No.	Particulars	EGD PGVA Reference Price (\$/10 ³ m ³) (a)	Empress Reference Price (\$/10 ³ m ³) (b)	Basis Differential (\$/10 ³ m ³) (c) = (a - b)
1	EB-2025-0165 July 2025 QRAM	208.564 (1)	128.405 (3)	80.159
2	EB-2025-0078 April 2025 QRAM	211.145 (2)	106.330 (4)	104.815
3	Change	(2.581)	22.075	(24.656)
4	Change (line 3 / line 2) (%)	-1%	21%	-24%

Notes:

- (1) EB-2025-0165, Exhibit C, Tab 1, Schedule 1, Col. 3, line 13.
- (2) EB-2025-0078, Exhibit C, Tab 1, Schedule 1, Col. 3, line 13.
- (3) EB-2025-0165, Exhibit C, Tab 1, Schedule 4, column (c), line 16.
- (4) EB-2025-0078, Exhibit C, Tab 1, Schedule 4, column (c), line 16.

The impact on EGD rate zone load balancing rates from changes in WARP will be further described in part b).

- a) Enbridge Gas interprets FRPO's reference to load balancing reductions in Union North West and Union North East to be in relation to the change to their respective gas supply storage charges as there are no costs classified as load balancing in the current approved methodologies for Union rate zones. As shown as Exhibit E, Tab 2, Schedule 2, the change in Union North storage rates is a result of changes to upstream transportation fuel costs associated with TransCanada (TCPL) storage

transportation service and TCPL short haul to the Union EDA and NDA used to facilitate storage.

The approved methodologies between the EGD rate zone and Union North rate zones are fundamentally different in terms of the treatment and classification of costs for recovery within rates and how various components are updated within the QRAM process or through other proceedings and deferral mechanisms, which make comparison between rate zones inappropriate.

- b) In the EGD rate zone, the WARP change impacts delivery and load balancing rates. Please refer to Exhibit C, Tab 4, Schedule 4, p. 5 for the calculations of how WARP impacts QRAM rate changes. The WARP change for storage carrying costs is included in gas supply load balancing charges and the unit rate impacts for EGD rate classes can be seen at Exhibit C, Tab 4, Schedule 4, p. 5, column (o). The WARP change from UFG, compressor fuel, and own use gas is captured in delivery rates.

In the Union rate zones, the WARP change impacts delivery charges. Please refer to Exhibit E, Tab 2, Schedule 3 for the WARP related impacts on Union delivery rates as part of July 2025 QRAM.

- c) Enbridge Gas strives to provide accurate and complete information, and, when necessary, promptly provides updates to interested parties in the event a correction or evidence update is warranted. Enbridge Gas would like to clarify that the primary schedules related to the QRAM application in Exhibit B through Exhibit E were not impacted by the updated applications and the errors were limited to output files that are contained within Exhibit F.

As noted in Enbridge Gas's cover letters, the source of the errors was due to internal server connection errors and errors that occurred during the PDF conversion process. Enbridge Gas intends to review the server locations and data connections that exist within the files required to facilitate the QRAM process and look for areas to streamline and reduce the potential risk for data connection errors. This review is limited by the complexity and differences that exist within QRAM methodologies for the EGD rate zone and Union rate zones. Enbridge Gas has proposed a Rate Harmonization Plan as part of EB-2025-0064 Rebasing Phase 3. Pending OEB approval, Enbridge Gas will harmonize and consolidate the QRAM schedules as part of the first QRAM application following the implementation of harmonized rate classes.

Table 2 summarizes the EGD Rate 1 gas supply load balancing charge shown in Exhibit F, Tab 1, Schedule 1, Appendix A, line 6 as originally filed June 10th and

subsequently updated on June 11th and June 13th to aide in reconciling the percentages referenced in FRPO's preamble.

Table 2
Rate 1 - EGD Rate Zone Gas Supply Load Balancing Charge QRAM Impacts

Line No.	Particulars	EB-2025-0078		EB-2025-0165	
		Approved April 1, 2025	Rate Change	Proposed July 1, 2025	Rate Change
		Rates cents/m ³	cents/m ³	Rates cents/m ³	(%)
		(a)	(b)	(c) = (a + b)	(d) = (b/a)
1	Gas Supply Load Balancing Charge (1)	2.9293	(0.6904)	2.2389	-24%
2	Gas Supply Load Balancing Charge (2)	2.9293	(0.9698)	1.9595	-33%
3	Gas Supply Load Balancing Charge (3)	2.9293	(0.6904)	2.2389	-24%

Notes:

- (1) EB-2025-0165, Exhibit F, Tab 1, Schedule 1, Appendix A line 6.
- (2) EB-2025-0165, Exhibit F, Tab 1, Schedule 1, Appendix A line 6, updated June 11, 2025
- (3) EB-2025-0165, Exhibit F, Tab 1, Schedule 1, Appendix A line 6, updated June 13, 2025