



DECISION AND ORDER

EB-2024-0125

ENBRIDGE GAS INC.

**2023 Deferral and Variance Account Disposition and
Earnings Sharing Application**

BEFORE: **David Sword**
 Presiding Commissioner

Allison Duff
Commissioner

September 23, 2025

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1 OVERVIEW

This is a Decision of the Ontario Energy Board (OEB) on an application filed by Enbridge Gas Inc. (Enbridge Gas)) on May 31, 2024, under section 36 of the *Ontario Energy Board Act, 1998*. Enbridge Gas applied for an order approving the disposition of amounts recorded in certain deferral and variance accounts (DVAs) to December 31, 2023, together with interest to December 31, 2024, and for a review of the 2023 earnings sharing amount.

A settlement conference was initially held on September 16, 17 and 18, 2024. The parties participating in the settlement conference reached a complete settlement on the disposition of all 2023 DVA balances that were requested for disposition in this proceeding. The settlement proposal and a draft rate order were filed on October 10, 2024. OEB staff filed a submission supporting the settlement proposal and the draft rate order.

The OEB issued Procedural Order Nos. 2 and 3 expressing concerns with respect to the settlement, while accepting the 2023 settled principal balances in 49 DVAs. The OEB provided parties with an opportunity to reconvene, to consider those concerns and to amend the settlement, as well as a separate opportunity to respond to those concerns. In response, Enbridge Gas filed two letters on behalf of the parties, including further context for the settlement proposal, and requested that the OEB approve it.

The OEB issued a Decision on the Settlement Proposal and Procedural Order No. 4 on May 27, 2025. The OEB rejected the settlement proposal expressing specific concerns related to the proposed new 2025 Fugitive Emissions Measurement Plan Pilot Deferral Account. The settlement included a condition subsequent, that if not accepted by the OEB in its entirety, and unless amended by the parties, it would be null and void and of no further effect. As a result, the OEB set out a process for written submissions on the approvals sought in the application.

In its argument-in-chief, Enbridge Gas maintained most of the requests as filed in its application yet advised that it was no longer proceeding with the Fugitive Emissions Measurement Plan at this time. Intervenor and OEB staff filed submissions and Enbridge Gas filed a reply submission.

The OEB approves the disposition of the as-filed DVA balances on a final basis, with the exception of the Getting Ontario Connected Act Variance Account balance. The DVA balances approved include the final disposition of the 2021 to 2023 Unaccounted for Gas accounts. The OEB's findings with respect to these approvals follow below. The OEB also provides comments related to the proposed 2025 Indigenous Working Group

budget, the Integrated Resource Planning Operating Costs Deferral Account and the Fugitive Emissions Measurement Plan.

The OEB is establishing a draft rate order process to allow Enbridge Gas to propose an implementation date, revise interest calculations on the approved DVA balances and revise rate riders for the OEB's consideration.

2 THE PROCESS

The settlement conference was initially held on September 16, 17 and 18, 2024. The parties reached a settlement on all DVA balances requested for disposition in the proceeding and the method for allocating and disposing these balances. The parties also reached a settlement on a proposed Fugitive Emissions Measurement Plan and the Indigenous Working Group's budget for 2025.

OEB staff filed a submission supporting the settlement proposal on October 17, 2024.

The OEB issued its Decision on Settlement Proposal and Procedural Order No. 2 on January 28, 2025. In Procedural Order No. 2, the OEB did not approve the settlement proposal as filed. While the OEB was supportive of much of the settlement, accepting the settled principal balances in the 49 DVAs, the expressed concerns regarding the scope of the settlement proposal; the Fugitive Emissions Measurement Plan (and related new deferral account); and the interim disposition of 2023 Unaccounted for Gas (UFG) related accounts. The OEB made provision for the continuation of the settlement conference to give parties an opportunity to consider amending the settlement proposal for the OEB's consideration.¹

On February 4, 2025, the parties participated in a one-day continuation of the settlement conference.

On February 19, 2025, Enbridge Gas filed a letter on behalf of the parties responding to the concerns expressed by the OEB in Procedural Order No. 2. The parties also requested that in the event the OEB is unable to accept the settlement proposal, they be given an opportunity to respond to any continuing questions or concerns from the OEB. In the alternative, the parties requested an opportunity to reconvene for further settlement discussions.

The OEB issued Procedural Order No. 3 on March 4, 2025. The OEB stated that it was unable to accept the settlement proposal at that time, but provided the parties with a further opportunity to address the OEB's concerns.

On March 18, 2025, Enbridge Gas filed responses to the OEB's questions on behalf of the parties and requested that the OEB approve the settlement proposal.

The OEB issued a Decision on the Settlement Proposal and Procedural Order No. 4 on May 27, 2025, rejecting the settlement proposal. The settlement included a condition

¹ Decision on Settlement Proposal and Procedural Order No. 2, January 28, 2025, page 2

subsequent, that if not accepted by the OEB in its entirety, and unless amended by the parties, it would be null and void and of no further effect. As a result, the OEB made provision for the filing of written submissions on the as-filed application.

Enbridge Gas filed its argument-in-chief on June 17, 2025.

OEB staff and intervenors filed written submissions on July 2, 2025 and Enbridge Gas filed its written reply on July 16, 2025.

3 DECISION

3.1 Getting Ontario Connected Act Variance Account

Enbridge Gas is seeking approval to dispose of the as-filed 2023 balance in the Getting Ontario Connected Act Variance Account (GOCAVA), reflecting a debit of \$31.9 million, plus interest.

The OEB previously approved the establishment of the GOCAVA to track incremental pipeline locate costs resulting from the enactment of Bill 93^{2,3}. The OEB-approved accounting order allows gas utilities to record the variance between locate costs resulting from Bill 93 and the approved cost included in base rates, with only amounts incurred on or after April 1, 2023 eligible for inclusion.⁴

Bill 93 mandates a 5-day locate delivery timeline and introduces administrative penalties for non-compliance.⁵ Enbridge Gas stated that to meet the new 5-day locate delivery timeline, locate service providers (LSPs) were required to onboard a significant amount of new locators and increase locator wages to attract and retain qualified talent. Enbridge Gas stated that as a result, its locating costs increased significantly. Enbridge Gas stated that the average external contractor cost per locate increased from \$34 in 2021 to \$72 in 2023 (a 111% increase), and the average external contractor hourly rate increased from \$82 in 2021 to \$146 in 2023 (a 78% increase).

Enbridge Gas stated that Bill 93 directly resulted in incremental costs outside of base rates in two areas: the cost of the locate itself and Vital Main Standby (VMS) costs.

VMS is a program designed to ensure public safety when excavations take place in the vicinity of vital natural gas infrastructure in the public right-of-way and is performed by the same LSP contractors.

Enbridge Gas included incremental VMS costs in the 2023 GOCAVA balance, stating that increased labour rates for LSPs resulting from Bill 93 created parallel incremental costs in its VMS program as the service is performed by the same contractors.

To calculate the incremental cost attributable to Bill 93, Enbridge Gas used 2021 actual locate costs adjusted for inflation and 2023 locate volumes as a baseline. The inflation-

² *Getting Ontario Connected Act, 2022*

³ EB-2023-0143, Decision and Order, October 31, 2023

⁴ EB-2023-0143, Decision and Order, October 31, 2023, Schedule B

⁵ Enbridge Gas's average locate times in 2021 and 2022 were 13 days and 15 days respectively.

adjusted 2021 locate cost was \$36.2 million and after adjusting for 2023 volumes, the base locate cost was \$33.1 million. Using the same method, the calculated VMS cost was \$4.9 million. Using a weighted cost approach to calculate the costs incurred from April 1, 2023 to December 31, 2023, Enbridge Gas determined base costs of \$29.2 million for locates and \$4.4 million for VMS. Actual costs for this same period were \$58.1 million for locates and \$7.4 million for VMS. As a result, the total actual 2023 costs less the weighted base costs are \$28.9 million for locates and \$3 million for VMS, for a total \$31.9 million debit Enbridge Gas seeks to dispose of.

Submissions

SEC, FRPO, CME, OGVG, CCC, Energy Probe, Pollution Probe and OEB staff disputed the as-filed balance in the GOCAVA.

SEC submitted that the cost increases are more likely due to a confluence of factors, with the Getting Ontario Connected Act being only one of them. SEC noted that other contributors may include normal union wage growth over the period, broader labour market competition unrelated to Bill 93, and a general increase in locate activity due to other provincial policies.

SEC submitted that due to Enbridge Gas's lack of evidence, attributing the cost increases directly caused by the Getting Ontario Connected Act cannot be done with any precision. As a result, SEC submitted that attributing 50% of the cost increase directly to the Getting Ontario Connected Act is more reasonable, resulting in a \$14.45 million recovery from ratepayers.

SEC also submitted that the \$3 million related to VMS costs should be disallowed. FRPO and SEC submitted that there is no reason for Enbridge Gas to use LSPs for VMS activities, and that costs could be mitigated by using internal or other resources.

CME, FRPO and OGVG supported SEC's submission. CCC's submission was also consistent with that of SEC.

Energy Probe submitted that due to the lack of evidence of what portion of the costs were due to increased labour rates for reasons other than Bill 93, the OEB should disallow \$5 million from the GOCAVA.

Pollution Probe submitted that a reduction in the GOCAVA in the range closer to \$15 million is more appropriate if the issue is considered in a discrete manner.

OEB staff submitted that VMS-related costs should be excluded from the 2023 GOCAVA balance. OEB staff submitted that VMS activities predate Bill 93 and are part

of standard safety practices and that Enbridge Gas has not provided sufficient evidence to demonstrate that the nature of the incremental costs to its VMS program are a direct result of Bill 93.

Enbridge Gas submitted that there is no basis to conclude that ordinary wage inflation and other factors unrelated to Bill 93 would account for half of the \$32 million increase in locate costs. Enbridge Gas stated that the increase in locate costs is consistent with other utilities. Enbridge Gas also stated that wage increases elsewhere in the economy are not as high as suggested by intervenors, otherwise the OEB's own inflation rates used for rate adjustments would have been immensely higher.

Enbridge Gas also submitted that SEC's argument that other factors such as general increase in locate activity due to provincial policy added to the GOCAVA balance is flawed as there is evidence that Enbridge Gas had fewer locates in 2023 than in 2021.

Regarding the submissions on VMS, Enbridge Gas stated that VMS is a function of the locates and not separate, and therefore impacted by Bill 93, and so the argument advanced by many parties that VMS costs are not recoverable must fail. Enbridge Gas stated that VMS work is delivered by LSPs, as they have the expertise and experience to complete this important locate-related work and it is efficient to use the same LSP to complete both locate and VMS work. Enbridge Gas stated that as explained in evidence, the costs for LSPs increased markedly as a result of Bill 93 and therefore the increased VMS costs are directly related to Bill 93.

Regarding FRPO and SEC's argument that costs could be mitigated by using internal or other resources, Enbridge Gas stated VMS activities require skilled operators and that it would not be feasible as it does not have surplus internal resources. Enbridge Gas stated that even if it were feasible, it would come at substantial cost.

Enbridge Gas stated that it does not dispute OEB staff's submission that VMS activities preceded Bill 93, however, it is only seeking to recover the incremental (new) VMS costs above and beyond standard inflation.

Findings

The OEB finds that there is insufficient evidence to demonstrate the incremental VMS program costs were a direct result of Bill 93. The OEB agrees with OEB staff that VMS activities predate Bill 93 and are part of standard safety practices; therefore, the OEB finds that VMS program costs are not a direct result of Bill 93 and should not have been recorded in the GOCAVA. None of the intervenors supported Enbridge Gas's proposed disposition. As a result, the OEB is disallowing \$3 million related to the VMS program

costs from the balance to be recovered from customers through disposition of this DVA. The remaining balance of the account, net of the \$3 million disallowance, is approved for disposition.

3.2 Unaccounted for Gas Accounts

During its 2019 to 2023 deferred rebasing term, Enbridge Gas had three variance accounts related to UFG⁶:

1. Unaccounted for Gas Variance Account (UAFVA)⁷ – EGD Rate Zone
2. Unaccounted for Gas Volume Variance Account (UFGVVA)⁸ – Union Rate Zone
3. Unaccounted for Gas Price Variance Account (UFGPVA)⁹ – Union Rate Zone

2023 Unaccounted for Gas Accounts

Enbridge Gas is requesting that the 2023 UFG accounts be cleared on a final and as-filed basis. Both the EGD UAFVA and Union UFGPVA have credit balances to be refunded to ratepayers, while the Union UFGVVA has a zero balance.

EGD UAFVA

In the EGD rate zone, the 2023 actual volume was 79,232 10³m³, versus a 2023 forecast volume of 106,677 10³m³. This 27,445 10³m³ variance resulted in a \$6.9 million credit (plus interest) in the UAFVA.

Union UFGVVA

In the Union rate zones, based on 2023 actual volumes, Enbridge Gas recovered \$16.4 million through rates, while actual UFG costs were \$20.3 million. However, the \$3.9 million difference is below the \$5.0 million threshold established by the OEB, resulting in no 2023 balance in the UFGVVA.

⁶ In Phase 1 of Enbridge Gas's 2024 Rebasing proceeding (EB-2022-0200), the OEB approved updated UFG volume and price variance accounts, effective January 1, 2024.

⁷ The purpose of the EGD UAFVA is to capture the cost associated with the volumetric variances between the actual UFG and the OEB-approved UFG volumetric forecast.

⁸ The purpose of the Union UFGVVA is to capture the difference between the cost of UFG recovered in rates and actual UFG costs incurred. The balance recorded within the UFGVVA to be cleared to customers is subject to a symmetrical dead-band of \$5.0 million.

⁹ The purpose of the Union UFGPVA is to capture the variance between the average monthly price of Enbridge Gas purchases for the Union rate zones and the applicable OEB-approved reference price, applied to the actual UFG volumes for the Union rate zones.

Union UFGPVA

In the Union rate zones, the average actual cost of the UFG purchases in 2023 was \$25.12/10³m³, lower than the OEB-approved reference price of \$179.35/10³m³. This resulted in a \$0.63 million credit (plus interest) in the UFGPVA.

2021 and 2022 Unaccounted for Gas Accounts

Enbridge Gas requests that the clearance of balances in the 2021 and 2022 UFG accounts be considered final. These balances were previously cleared on an interim basis pending additional information to be filed by Enbridge Gas.¹⁰

In Enbridge Gas's 2021 DVA proceeding, parties agreed to the clearance of 2021 UFG balances on an interim basis pending further information from Enbridge Gas on its UFG calculations to be filed with its 2022 DVA application.¹¹ In its 2022 DVA proceeding, Enbridge Gas filed evidence supporting the clearance of its 2022 UFG accounts, including evidence addressing commitments from its 2021 DVA proceeding.

Similarly, in Enbridge Gas's 2022 DVA proceeding, parties agreed to the clearance of 2022 UFG balances on an interim basis pending further evidence from Enbridge Gas on its ongoing review and investigation of UFG to be filed with its 2023 DVA application.¹² Specifically, Enbridge Gas committed to filing¹³:

- Detailed evidence about the lessons learned and future plans arising from Enbridge Gas's ongoing review and investigation of UFG including (without limitation):
 - the work completed by Enbridge Gas during 2023 and 2024 and the resulting observations and learnings
 - the impact on UFG from "no bill" customers / volumes that are later billed
 - the role, if any, played by line pack in transmission and other high pressure systems in the incidence and determination of UFG

¹⁰ EB-2022-0110, Decision on Settlement Proposal and Rate Order, October 11, 2022; EB-2023-0092, OEB Decision on Settlement Proposal and Rate Order, February 6, 2024

¹¹ EB-2022-0110, Decision on Settlement Proposal and Rate Order, October 11, 2022, Schedule A, pp. 19-20

¹² EB-2023-0092, Exhibit N1, Tab 1, Schedule 1, pg. 19-20

¹³ Ibid.

- Enbridge Gas's investigation plan for assessing fugitive emissions, as agreed in Phase 1 of Enbridge Gas's 2024 Rebasing OEB-approved settlement agreement¹⁴

To satisfy those previous commitments regarding UFG volumes, Enbridge Gas provided additional details on each of these items, including its proposed Fugitive Emissions Measurement Plan, as part of this 2023 DVA proceeding.

Enbridge Gas stated that it has satisfied its commitments to provide further detailed information about UFG issues that was stipulated as being expected in connection with the 2021 and 2022 UFG accounts being cleared on an interim basis.

Submissions

OEB staff supported the treatment of the previously cleared 2021 and 2022 UFG balances as final. OEB staff submitted that Enbridge Gas has fulfilled its commitments from prior proceedings and sees no reason why the accounts should not be made final.

OEB staff also supported the disposition of Enbridge Gas's as-filed 2023 UFG balances on a final basis.

Environmental Defence submitted that the 2021 to 2023 UFG amounts should be finalized but with a \$5 million reduction in the 2022 EGD UAFVA. Environmental Defence proposed the reduction for 2022 only for simplicity.

Environmental Defence submitted that Enbridge Gas has not explained the large spike in UFG volumes in the EGD rate zone for 2022 and therefore, has not met its burden to establish prudence, at least for the 2022 EGD UFG volumes. Environmental Defence also submitted that the majority of UFG remains unexplained despite the commitments from Enbridge Gas and direction from the OEB to better monitor UFG.

Energy Probe also submitted that \$5 million should be disallowed from the recovery of 2022 UFG balances. Energy Probe submitted that the OEB should deem that \$5 million was due to poor management decisions by Enbridge Gas. Energy Probe submitted that while Enbridge Gas is to be commended on its evidence dealing with UFG covering many potential causes, it does not fully address the probable major reasons related to meter reading and estimated bills.

The City of Kitchener supported Energy Probe's submission.

¹⁴ EB-2022-0200 Settlement Proposal, Exhibit O1, Tab 1, Schedule 1, June 28, 2023, pp.36-37

Enbridge Gas submitted that there is no evidentiary basis to support the proposed \$5 million disallowance. Enbridge Gas stated that it provided all the expected additional evidence and information, amounting to over a hundred total pages of evidence.

Enbridge Gas stated that UFG is subject to variations over time and should be looked at more holistically and Environmental Defence's focus on UFG results for 2022 is unfair.

Enbridge Gas submitted that, in total, UFG represents a small proportion of system throughput. On average, UFG represented around 0.63% of total system throughput for the years in question from 2021 to 2023. Enbridge Gas stated that the yearly UFG results for the EGD and Union rate zones have been lower than most peer utilities. On a combined basis, the total Enbridge Gas UFG results were better than almost all comparator groups. Enbridge Gas stated that for 2022, the combined UFG results of EGD and Union rate zones remain below other utilities.

Further, Enbridge Gas submitted that it has acted, and continues to act prudently in measuring, monitoring and seeking to mitigate UFG and claims there is no evidence to support the \$5 million disallowance in UFG costs.

Regarding Energy Probe's submission, Enbridge Gas stated that there is no evidence to show that there is an increase in UFG from Enbridge Gas's change to bimonthly meter reading (from monthly) in the Union rate zones. Enbridge Gas stated that there is no evidence of poor management decisions contributing to UFG balances, and there is nothing to support the magnitude of Energy Probe's proposed disallowance.

Findings

The OEB approves the disposition of the UFG accounts on a final basis. The 2021 and 2022 account balances were cleared on an interim basis, pending more evidence. Enbridge Gas provided additional evidence and expert reports in this proceeding.

The OEB finds that Enbridge Gas has fulfilled its commitment to provide more evidence. The OEB is satisfied with the evidence to support the approval of the 2021, 2022 and 2023 account balances on a final basis.

3.3 Indigenous Working Group Budget

Enbridge Gas is requesting that the OEB approve or endorse a 2025 Indigenous Working Group budget of \$800,000.

The establishment of the Indigenous Working Group (IWG) was approved by the OEB in Phase 1 of Enbridge Gas's 2024 Rebasing proceeding.¹⁵ Its purpose is to provide information, receive feedback and engage in discussions about matters of interest to the IWG in relation to Enbridge Gas rates and services.

In that Phase 1 Rebasing proceeding, the OEB also approved an IWG Deferral Account to record actual capacity funding costs incurred.

The OEB-approved settlement agreement in that proceeding established a \$640,000 estimated budget for 2024. The agreement also provided that the IWG would establish an estimated budget for capacity funding in each subsequent year, which would be subject to review or approval by the OEB in Enbridge Gas's applicable future DVA clearance proceedings.¹⁶

In this application, Enbridge Gas filed the IWG Report for 2024 which includes an estimated budget for 2025 of \$800,000. The budget is based on anticipated increases in participation, expert support, and evolving representation within the IWG¹⁷. The budget includes:

- \$265,000 for legal support
- \$225,000 for consultants and First Nation representatives
- \$310,000 for expert assistance

Submissions

OEB staff and Minogi supported the proposed 2025 budget.

However, OEB staff noted that its submission should not be interpreted as an endorsement of the prudence of the proposed 2025 expenditures or of the costs incurred in 2024 and that OEB approval of any budget for 2025 should not be viewed as a guarantee of cost recovery for 2025.

Findings

The IWG Deferral Account was approved as part of the partial settlement proposal in Phase 1 of Enbridge Gas's 2024 Rebasing proceeding, with a 2024 budget of \$640,000.

¹⁵ EB-2022-0200, Decision on Settlement Proposal, August 17, 2023

¹⁶ EB-2022-0200, Exhibit O1, Tab 1, Schedule 1, pg. 18

¹⁷ Exhibit H, Tab 1, Schedule 2, pg. 6

The settlement provided that budgets would be prepared annually for OEB review or approval in later DVA proceedings.

Specifically, the Phase 1 partial settlement agreement stated¹⁸:

For each subsequent year during the Term, the IWG shall establish a budget reflecting estimated Capacity Funding for the year, which will be subject to review or approval by the OEB as part of the applicable future deferral and variance account clearance proceeding for Enbridge Gas (“DVA Proceeding”). For clarity, Enbridge Gas will file the proposed budget for 2025 as part of the DVA Proceeding commencing in or about June 2024.

The OEB is satisfied that Enbridge Gas has met its obligation to file the proposed budget for 2025. The OEB has reviewed it but is not approving the budget.

The Phase 1 partial settlement agreement contemplated review *or* approval of a subsequent year’s budget. Leaving aside the fact that the OEB panel in the current proceeding is not bound by the decision of another panel, it is clear from the terms of the Phase 1 settlement agreement that a future panel in a DVA case was not necessarily expected to approve a subsequent year’s budget. The OEB does not need to approve the proposed 2025 budget.

Having said this, Enbridge Gas has requested that the OEB approve, endorse or acknowledge the budget¹⁹; the OEB has considered the request; and the OEB is declining to approve the 2025 budget. The IWG was only recently established, and 2024 was its first year of activity.

The 2024 budget was set at \$640,000, but the regulatory benefits are not clear, nor has the OEB yet made any determination of the prudence of any 2024 spending in that regard.

In the current application, Enbridge Gas has proposed a 25% increase in the budget.

The OEB finds that it does not have adequate information on past spending or on planned 2025 spending to approve an increase in spending – and particularly an increase of this magnitude – at this time.

¹⁸ EB-2022-0200, Exhibit O1, Tab 1, Schedule 1, pg. 18

¹⁹ Enbridge Gas Argument-In-Chief, June 17, 2025, pg. 18

To be clear, the OEB is making no determination at this time on the reasonableness of \$800,000 in budgeted IWG expenditures. The particulars and prudence of Enbridge Gas's 2025 spending in this regard will be considered in a future proceeding when the balance is proposed for disposition. Enbridge Gas will be expected to provide evidence to support any requested recovery at that time.

The OEB also notes that this Decision does not change the obligations set out in the Phase 1 partial settlement agreement regarding the establishment of the IWG budget for each subsequent year and the filing of the budget by Enbridge Gas for review or approval by the OEB.

3.4 Integrated Resource Planning Operating Costs Deferral Account

In Enbridge Gas's Integrated Resource Planning (IRP) Proposal proceeding, the OEB approved the establishment of an IRP Operating Costs Deferral Account for incremental IRP operations, maintenance, and administration costs.²⁰ The account records incremental IRP general administrative costs, as well as incremental operating and maintenance costs and ongoing evaluation costs for approved IRP plans.

The 2023 balance in the IRP Operating Costs Deferral Account that is being requested for clearance is a debit of \$3.1 million, plus interest. This amount is attributable to incremental Enbridge Gas staff salaries including expenses for IRP-related work performed in 2023, the implementation of IRP alternatives to defer a project in Kingston and non-labour costs such as consulting and legal costs.

As part of the settlement proposal in this proceeding, Enbridge Gas committed to the following²¹:

- Enbridge Gas will include, in any future IRP Deferral Account clearance requests, details on the outcomes and ratepayer benefits related to each category of costs proposed to be cleared. This includes metrics on the percentage of Asset Management Plan projects that have been screened for IRP, the percentage of projects that have passed the screen that have been assessed, and the average length of time for Enbridge Gas to screen and assess projects.

²⁰ EB-2020-0091, OEB Decision and Order, July 22, 2021,

²¹ Exhibit N1, Tab 1, Schedule 1, pg. 10

In its argument-in-chief, Enbridge Gas stated that it is prepared to include the additional reporting for the IRP Operating Costs Deferral Account that it committed to as part of the settlement proposal.²²

Submissions

OEB staff submitted that it has no concerns with the disposition of the as-filed balances in the IRP Operating Costs Deferral Account and supports Enbridge Gas's commitment to provide enhanced reporting in the future requests to clear this account as set out in the settlement proposal.

Findings

The OEB has no concerns with disposition of the 2023 IRP Operating Cost Deferral Account balance. The OEB notes that Enbridge Gas has committed to providing enhanced reporting in future requests to dispose of IRP Operating Cost Deferral Account balances.

3.5 Fugitive Emissions Measurement Plan Pilot

As part of the approved settlement agreement in Phase 1 of Enbridge Gas's 2024 Rebasing proceeding, Enbridge Gas agreed to "investigate and determine an appropriate way to accurately measure fugitive emissions, including consideration of top-down measurements".²³ The agreement also set out that Enbridge Gas would file a robust investigation plan for consideration and determination in the 2023 DVA clearance proceeding.

Enbridge Gas's commitments to determining if recent UFG increases could be due to fugitive emissions were reiterated in the approved settlement agreement in its 2022 DVA clearance proceeding.²⁴

To address these prior commitments, Enbridge Gas filed a Fugitive Emissions Measurement Plan for consideration and determination in this proceeding. The evidence described Enbridge Gas's plans, timing and budget for the plan. In its application, Enbridge Gas also requested a new Fugitive Emissions Measurement Administration Deferral Account to record and recover incremental administrative costs, inclusive of costs, associated with the Fugitive Emissions Measurement Plan, with no limit on the costs that could be recorded or its duration. The incremental costs related to

²² Enbridge Gas Argument-In-Chief, pg. 5

²³ EB-2022-0200 Partial Settlement Proposal, Exhibit O1, Tab 1, Schedule 1, July 12, 2023, pg. 37

²⁴ EB-2023-0092 Settlement Proposal, Exhibit N1, Tab 1, Schedule 1, November 28, 2023, pp. 19-20

the implementation of measurement technologies, configuration of IT systems, incremental staffing, consulting support and other miscellaneous costs associated with methane measurement technologies and methodologies.²⁵ Enbridge Gas forecasted a \$2.6 million spend for 2025 in the Fugitive Emissions Measurement Administration Deferral Account.

As part of the settlement proposal in this proceeding, the parties agreed to Enbridge Gas's Fugitive Emissions Measurement Plan, subject to certain modifications and additional commitments by Enbridge Gas.

The parties agreed to a new deferral account to fund a pilot program, subject to certain changes to both the funding and the nature of the expenditures. The parties agreed to a time-limited 2025 Fugitive Emissions Measurement Plan Pilot Deferral Account which would be capped at \$2.6 million. The parties agreed that the purpose of the account is to record the incremental costs associated with the implementation of the pilot program.

In Procedural Orders Nos. 2 and 3, the OEB expressed concerns related to the Fugitive Emissions Measurement Plan (and related new deferral account) and rejected the settlement proposal in its Decision on the Settlement Proposal and Procedural Order No. 4. In that decision, the OEB expressed concerns that the proposed deferral account did not meet the materiality and prudence criteria of the OEB's DVA policy and was inconsistent with Enbridge Gas's approved 2025-2028 IRM Framework. The OEB also stated that there is no evidence indicating that the pilot is needed or is a cost-effective option. The OEB went on to find that:

The parties acknowledged that there is no “need” for further study in the sense of it being mandatory of something that must be done for health and safety purposes. The parties also acknowledge that there is no guarantee that the investigation plan will ultimately reduce UFG costs for customers. As a result, the OEB cannot conclude at this time that the pilot is cost effective. [Footnotes omitted]

In its argument-in-chief, Enbridge Gas stated that it considered its application and the OEB's comments about the Fugitive Emissions Measurement Plan and Fugitive Emissions Measurement Plan Deferral Account and decided not to proceed with that initiative. Enbridge Gas stated that it has met its obligations from prior settlements to prepare and present a plan to investigate and measure fugitive emissions.

²⁵ Exhibit D, Tab 1, Attachment 2

Submissions

CCC supported Enbridge Gas's withdrawal of the Fugitive Emissions Measurement Plan and related deferral account for the reasons set out in Enbridge Gas's argument-in-chief.

Energy Probe submitted that there is no evidence that fugitive emissions are a problem that would warrant spending \$2.6 million.

SEC noted that while it believes reducing fugitive emissions should be an important goal for Enbridge Gas, it has significant concerns with the scope of the initial proposals, including both the proposed Fugitive Emissions Measurement Plan deferral account and the broader work contemplated under the Fugitive Emissions Measurement Plan, beyond the pilot.

Environmental Defence, Minogi and Pollution Probe submitted that Enbridge Gas should be required to proceed with the Fugitive Emissions Measurement Plan pilot.

Environmental Defence submitted that Enbridge Gas is breaching past settlement agreements by not proceeding with the pilot. Environmental Defence submitted that the pilot is financially prudent and an important element of Enbridge Gas's overall examination of unexplained UFG and that approval of the fugitive emissions measurement plan pilot should not and need not depend on approval of the variance account proposed by Enbridge Gas.

Minogi submitted that the Fugitive Emissions Measurement Plan pilot is a cost-effective plan to identify significant sources of fugitive emissions and appropriate mitigation measures to the benefit of all ratepayers, generally, as well as Indigenous rightsholders.

Pollution Probe stated that the requirement for Enbridge Gas to advance investigation and action to reduce emissions exists even if an additional deferral account is not granted.

In its reply, Enbridge Gas disputed that it is obliged by the terms of previous settlement agreements to proceed with the Fugitive Emissions Measurement Plan. Enbridge Gas submitted that it has satisfied its obligations to prepare and present a fugitive emissions investigation plan, and that in the circumstances it is reasonable for it to opt not to request OEB approval for the proposal.

Enbridge Gas further submitted that there is no new evidence or justification presented by Environmental Defence or Minogi that should cause the OEB to revisit and reverse

its prior findings that there is no evidence that the Fugitive Emissions Measurement Plan is needed or is a cost-effective option.

Findings

The OEB finds that Enbridge Gas has met its obligations in preparing and filing a plan to investigate and measure fugitive emissions.

The settlement proposal in Phase 1 of Enbridge Gas's 2024 Rebasing proceeding stated²⁶:

Enbridge Gas will file a robust investigation plan for consideration and determination in the 2023 deferral and variance account proceeding, which filing shall include justification of the planned approach including, without limitation, whether it will include aerial (i.e. top-down) investigation.

The OEB finds that in filing its plan in this proceeding, Enbridge Gas met its obligations in the Phase 1 settlement proposal. The OEB found the evidence informative. The evidence helped the OEB understand Enbridge Gas's current activities, regulatory obligations and potential investigative and measurement options.

Enbridge Gas revised its proposal in its argument-in-chief, advising that it had decided not to proceed with the proposed plan and associated DVA request included in its application. In revising its proposal, Enbridge Gas noted the OEB's concerns about whether the Fugitive Emissions Measurement Plan is needed, and whether it is a cost-effective activity.

Environmental Defence, Minogi and Pollution Probe submitted that the Fugitive Emissions Measurement Pilot was a cost-effective plan to identify significant sources of fugitive emissions. The OEB finds no evidence references to support these assertions on cost-effectiveness.

The OEB notes that intervenors representing ratepayer groups (CCC, SEC and Energy Probe) either did not support the plan proposed in the application or accepted Enbridge Gas's withdrawal of its proposal.

The OEB will not require Enbridge Gas to proceed with the Fugitive Emissions Measurement Plan. It is open to Enbridge Gas to carry out a pilot, but the OEB will not

²⁶ EB-2022-0200, Exhibit O1, Tab 1, Schedule 1, p.37

approve a new deferral account to record and recover the incremental costs associated with a pilot.

4 ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Enbridge Gas shall file, with the OEB and serve on all parties, a draft rate order consistent with this Decision and Order by **September 29, 2025**.
2. Any comments from OEB staff and intervenors on the draft rate order shall be filed with the OEB and served on all parties by **October 3, 2025**.
3. Any reply to comments from Enbridge Gas shall be filed with the OEB and served on all parties by **October 9, 2025**.

Cost Awards

4. Intervenors shall file their cost claims with the OEB and forward them to Enbridge Gas by **October 23, 2025**. Cost claims must be prepared in accordance with the OEB's *Practice Direction on Cost Awards*.
5. Enbridge Gas shall file with the OEB and forward to intervenors any objections to the claimed costs by **November 3, 2025**.
6. Intervenors, to which Enbridge Gas filed an objection to the claimed costs, shall file with the OEB and forward to Enbridge Gas any responses to the objections for cost claims by **November 10, 2025**.
7. Enbridge Gas shall pay the OEB's costs of and incidental to this proceeding upon receipt of the OEB's invoice.

Parties are responsible for ensuring that any documents they file with the OEB, such as applicant and intervenor evidence, interrogatories and responses to interrogatories or any other type of document, do not include personal information (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

Please quote file number, **EB-2024-0125** for all materials filed and submit them in searchable/unrestricted PDF format with a digital signature through the [OEB's online filing portal](#).

- Filings should clearly state the sender's name, postal address, telephone number and e-mail address.

- Please use the document naming conventions and document submission standards outlined in the [Regulatory Electronic Submission System \(RESS\) Document Guidelines](#) found at the [File documents online page](#) on the OEB's website.
- Parties are encouraged to use RESS. Those who have not yet [set up an account](#), or require assistance using the online filing portal can contact registrar@oeb.ca for assistance.
- Cost claims are filed through the OEB's online filing portal. Please visit the [File documents online page](#) of the OEB's website for more information. All participants shall download a copy of their submitted cost claim and serve it on all required parties as per the [Practice Direction on Cost Awards](#).

All communications should be directed to the attention of the Registrar and be received by end of business, 4:45 p.m., on the required date.

Email: registrar@oeb.ca

Tel: 1-888-632-6273 (Toll-Free)

DATED at Toronto, **September 23, 2025**

ONTARIO ENERGY BOARD

Ritchie Murray
Acting Registrar