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BY EMAIL

December 10, 2025

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

Dear Mr. Murray:

**Re: Ontario Energy Board (OEB) Staff Letter of Comment  
Enbridge Gas Inc.  
January 2026 Quarterly Rate Adjustment Mechanism (QRAM) Application  
OEB File Number: EB-2025-0308**

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Please find attached OEB staff's letter of comment in the above referenced proceeding.

Yours truly,

Cecilia Wang  
Analyst, Natural Gas

Encl.

cc: All parties in EB-2025-0308

## 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 system supply customer's bill that arises from the forecast cost of gas for the next quarter and the forecasted Purchased Gas Variance Account (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 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 PGVA 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 is required to file its QRAM application in accordance with the OEB-approved QRAM methodology. If a 25% or greater change on the commodity portion of a typical residential system supply 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>1</sup>

The OEB uses a 10% total bill impact threshold for the electricity sector over which distributors are required to file a mitigation plan<sup>2</sup> and the OEB considers that a reasonable target for the natural gas sector as well. However, the OEB does not consider the 10% total bill impact a cap but rather a point at which the OEB will consider adopting mitigation measures.<sup>3</sup>

Enbridge Gas filed a letter with the OEB on November 21, 2025, notifying the OEB that based on preliminary estimates, the gas commodity portion of the bill in its January 2026 QRAM application is forecasted to increase by more than 25% for sales service customers in the Union North West rate zone. Enbridge Gas stated that the increase is primarily driven by increases in the Alberta Border Reference Price and in Union North

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<sup>1</sup> EB-2014-0199, Decision and Order, page 6

<sup>2</sup> [OEB Handbook for Utility Rate Applications](#) (October 13, 2016); see Introduction (page 1) and Rate Mitigation (Appendix 3, page v)

<sup>3</sup> EB-2022-0150, Decision and Rate Order, June 16, 2022, page 3

West Purchase Gas Variance Account (PGVA) and Inventory Revaluation riders.

## Application Summary

On December 8, 2025, Enbridge Gas filed its January 2026 QRAM application.

Enbridge Gas identified a total bill increase of approximately 11.3% in the Union South rate zone.<sup>4</sup> The bill impacts were prepared using a forecast of gas costs effective January 1, 2026, based on a 21-day strip ending November 26, 2025.

Although Enbridge Gas's letter of November 21 indicated that a commodity cost increase of more than 25% was likely for customers in the Union North West rate zone based on forecasts at that time, the impact was in fact 22.9% on filing.

In addition, the application implements temporary rate adjustments approved by the OEB in Enbridge Gas's 2023 Deferral and Variance Account proceeding<sup>5</sup>, rate changes approved by the OEB in Enbridge Gas's 2026 Rates proceeding<sup>6</sup> and reflects the expiry of Rider E approved by the OEB in Phase 2 of Enbridge Gas's 2024 Rebasing proceeding<sup>7</sup>.

The annual bill impacts for a typical residential sales service customer are set out in Table 1 below.

Table 1: Annual Bill Impacts (Before Rate Mitigation)

Rate Zone	Commodity Bill Impact		Total Bill Impact	
EGD	\$29.85	13.3%	\$75.84	7.8%
Union South	\$53.25	14.4%	\$97.88	11.3%
Union North West	\$46.77	22.9%	\$80.00	8.7%
Union North East	\$26.36	6.7%	\$66.97	5.8%

### Rate Mitigation Plan

Enbridge Gas proposed a rate mitigation plan that limits the total bill increase to less than 10% for customers in the Union South rate zone. As part of its rate mitigation plan, Enbridge Gas proposed to include a PGVA credit of \$19.2 million in the Union South rate zone.

The annual bill impacts for a typical residential sales service customer in the Union

<sup>4</sup> Enbridge Gas identified that the gas commodity portion of the bill is no longer forecasted to increase by more than 25% for sales service customers in the Union North West rate zone, as noted in its November 21 letter.

<sup>5</sup> EB-2024-0125, Rate Order, November 11, 2025

<sup>6</sup> EB-2025-0163, Decision on Settlement Proposal and Rate Order, November 20, 2025

<sup>7</sup> EB-2024-0111, Decision on Settlement Proposal and Interim Rate Order, November 29, 2024

South rate zone, after the proposed rate mitigation plan are provided in Table 2 below.

Table 2: Union South Annual Bill Impacts After Rate Mitigation

<b>Commodity Bill Impact After Mitigation (\$)</b>	<b>Commodity Bill Impact After Mitigation (%)</b>	<b>Impact of Mitigation (\$)</b>	<b>Impact of Mitigation (%)</b>	<b>Total Bill Impact After Mitigation (\$)</b>	<b>Total Bill Impact After Mitigation (%)</b>
41.62	11.3	-11.63	-3.1	86.25	9.9

Enbridge Gas stated that the proposed rate mitigation plan reflects the natural gas market price and the impacts of other rate changes but also provides for a gradual increase in customers' bills over two (or more) QRAM periods.

Enbridge Gas stated that it will propose to include a PGVA debit of an equal amount with the April 1, 2026 QRAM to recover the cost of the PGVA credit not recovered in the current QRAM application. Enbridge Gas further stated that it will review the rate mitigation plan from the current application in future QRAM applications to determine if additional PGVA credits or alternative mitigation mechanisms are warranted.

Enbridge Gas stated that it considered other alternatives to rate mitigation of the total bill such as requesting to delay the disposition of its 2023 deferral and variance account balances<sup>8</sup> for the Union South rate zone. However, Enbridge Gas stated that it would still result in a total bill impact above 10% and introduce additional complexity in customer communications and billing related to different disposition timing for various rate zones.

### 2026 Facility Carbon Charge

Enbridge Gas is also seeking approval of an updated facility carbon charge unit rate for 2026 that will apply as Rider J.<sup>9</sup>

Enbridge Gas stated that its facility-related costs are associated with its obligations under the *Greenhouse Gas Pollution Pricing Act* (GGPPA) and the provincial *Emissions Performance Standards* (EPS) program, which are recovered from customers as part of the facility carbon charge. Enbridge Gas's facility-related costs are composed of two components:

<sup>8</sup> EB-2024-0125, Rate Order, November 11, 2025

<sup>9</sup> Enbridge Gas previously requested approval of updates to the facility carbon charge as part of its Federal Carbon Charge applications. However, since the federal government set the Federal Carbon Charge rate to \$0.00, effective April 1, 2025, Enbridge Gas did not file a Federal Carbon Charge application for 2026.

- Company Use Volumes related to volumes of natural gas consumed in the operation of Enbridge Gas’s facilities within its distribution system
- EPS Volumes related to volumes of natural gas consumed in the operation of Enbridge Gas’s transmission and storage compressor facilities

Enbridge Gas stated that the removal of the federal carbon charge eliminated the costs associated with Enbridge Gas’s Company Use Volumes but did not impact the industrial carbon provisions under the GGPPA.<sup>10</sup>

In this application, Enbridge Gas has calculated the 2026 facility carbon charge unit rate in Rider J using the forecasted 2026 EPS related costs.

Enbridge Gas stated that any variance between actual facility carbon costs and facility carbon costs recovered from customers will be recorded in the 2026 Facility Carbon Charge Variance Account and disposed of as part of its 2026 Deferral and Variance Account Disposition proceeding.

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<sup>10</sup> On March 15, 2025, the federal government amended Schedule 2 to the *Greenhouse Gas Pollution Pricing Act* and the *Fuel Charge Regulations*. These amendments set the federal carbon charge to zero, after March 31, 2025.

## OEB Staff Position

OEB staff submits that the OEB should approve Enbridge Gas's application as filed.

### Rate Mitigation Plan

In Enbridge Gas's July 2022 QRAM proceeding<sup>11</sup>, the OEB stated:

The OEB uses a 10% total bill impact extensively for the electricity sector, and considers that a reasonable target for the natural gas sector as well. This threshold is referenced in the OEB's Handbook for Utility Rate Applications applicable to all rate-regulated utilities. However, the OEB also does not consider the 10% total bill impact a cap but rather a point at which the OEB will consider adopting mitigation measures.

Enbridge Gas's proposed mitigation plan reduces the total bill impact to less than 10% for a typical residential customer in the Union South rate zone. OEB staff notes that the commodity and total bill impact is also below a 25% increase for the commodity portion of the bill, and below a 10% increase for the other rate zones. OEB staff is of the view that Enbridge Gas's proposed rate mitigation plan for the Union South rate zone is acceptable.

OEB staff notes that the QRAM is intended to strike a balance between ensuring that consumers are receiving appropriate price signals which reflect natural gas market prices and protecting the interests of consumers that purchase their gas from the distributor by reducing, to some extent, the volatility (and in particular rapid increases) in the price of natural gas. OEB staff submits that Enbridge Gas's proposed rate mitigation plan achieves this balance.

OEB staff further notes that Enbridge Gas's proposed rate mitigation plan in the current application is similar to the rate mitigation proposed for the October 2021<sup>12</sup> and January 2022<sup>13</sup> QRAM applications, which were approved by the OEB.

### 2026 Facility Carbon Charge

In Enbridge Gas's April 2025 QRAM<sup>14</sup>, the OEB supported Enbridge Gas's proposal to retain the facility carbon charge at that time (which included the costs associated with Enbridge Gas's Company Use Volumes) and to update delivery rates for the facility carbon charge in a subsequent application. In Enbridge Gas's July 2025 QRAM<sup>15</sup>, the

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<sup>11</sup> EB-2022-0150, Decision and Rate Order, June 16, 2022

<sup>12</sup> EB-2021-0219

<sup>13</sup> EB-2021-0281

<sup>14</sup> EB-2025-0078, Decision and Interim Rate Order, March 26, 2025

<sup>15</sup> EB-2025-0165, Decision and Interim Rate Order, June 24, 2025

OEB approved Enbridge Gas's revised facility carbon charge unit rate to only reflect the forecast 2025 EPS-related costs.

In this application, Enbridge Gas has calculated the 2026 facility carbon charge unit rate to reflect the forecasted 2026 EPS related costs.

OEB staff submits that the implementation of the updated facility carbon charge unit rate for 2026 as proposed in Enbridge Gas's application is acceptable. OEB staff submits that the 2026 unit rate appropriately reflects the recent changes in Enbridge Gas's facility-related carbon costs in accordance with its obligations under the GGPPA and EPS program. OEB staff notes that Enbridge Gas will have the ability to true-up any overcollection through the 2026 Facility Carbon Charge Variance Account.

OEB staff has also reviewed the balance of the application including updates to the reference prices, and other commodity-related impacts and has no concerns with the application as filed.