

February 27, 2026

VIA RESS AND EMAIL

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

Dear Ritchie Murray:

Re: An Integrated Approach to Utility Remuneration – Next Generation Rate Framework (EB-2026-0002) – Enbridge Gas Inc. Comments

Enbridge Gas Inc. (Enbridge Gas or the Company) appreciates the opportunity to provide comments on the Ontario Energy Board's (OEB) Next Generation Rate Framework consultation. Enbridge Gas supports the OEB's intent to modernize and integrate rate-setting components to ensure the framework remains effective, predictable, and aligned with consumer expectations and sector evolution. This submission responds to the questions in Appendix A and provides recommendations relevant to natural gas distribution.

Proposed Objectives and Goals

The proposed objectives provide a sound basis on which to build, and Enbridge Gas supports the OEB's focus on enhancing incentives, modernizing regulatory tools, and strengthening system planning. However, the objectives are framed primarily through an electricity distributor lens and should more explicitly reflect the safety, investment, and long-term planning considerations that apply to natural gas utilities. Acknowledging these considerations is particularly important to ensure the framework aligns with broader government energy policy and long-term system planning assumptions.

The Government of Ontario's Integrated Energy Plan (IEP) outlines an "all of the above" approach to meeting future energy needs, which recognizes the importance of maintaining and expanding diverse, affordable, and reliable energy options for consumers. The IEP also affirms the essential role of natural gas as a key component of the province's energy mix, serving millions of residential and business customers now and well into the future. Consistent with this policy direction, to align OEB decision making with the government's economic growth objectives and long-term energy planning, the OEB issued a CEO Policy¹ on January 30, 2026.

¹ The [CEO Policy 2026-01](#) directs OEB Staff to identify portions of Energy for Generations: Ontario's Integrated Plan to Power the Strongest Economy in the G7 (June 2025) that are relevant to the matters in issue in a proceeding.

While the broader energy landscape is evolving, Enbridge Gas continues to see sustained and, in some areas, increasing customer growth and system utilization, driven by residential development, industrial expansion, and ongoing customer preference for natural gas service.

Additionally, natural gas is a vital component of the electricity system in Ontario. As an example, on January 24, 2026, Enbridge Gas delivered a record-setting 1.09 PJ to Ontario's natural gas-powered generators, which supplied 38% percent of the province's electricity needs during its peak hour. The Next Generation Rate Framework should avoid assumptions that implicitly treat electricity and natural gas systems as independent or substitutable. Changes to rate-setting tools, capital recovery mechanisms, or incentive structures that affect natural gas utilities can have broader system-wide implications for electricity reliability and affordability.

As such, assumptions of declining gas usage or reduced investment requirements do not reflect government policy direction or the realities facing gas distributors. The IEP specifically recognizes there is a need for an economically viable natural gas network to attract investment, drive economic growth, maintain customer choice and ensure overall energy system resiliency, reliability and affordability. The updated rate setting framework must therefore support continued, prudent investment in gas infrastructure, ensuring safety, reliability, and system integrity, and must recognize that natural gas remains an essential and in-demand source of energy for Ontario consumers.

Appropriateness of the Scope

The proposed scope of building on the Renewed Regulatory Framework (RRF) is comprehensive. As the OEB intends to maintain continuity with the RRF while modernizing specific elements, Enbridge Gas supports the approach. Given the OEB's acknowledgement that some changes (e.g., performance incentive mechanisms) may apply, at least initially, only to electricity distributors, the Company recommends that the consultation outcome include, for each proposed reform, a clear applicability statement in relation to electricity and/or natural gas distributors. Natural gas utilities can differ significantly in asset mix, demand profiles, and their long-term investment and cost recovery considerations. These differences should be considered in the scope of the consultation.

In addition, the development of the Next Generation Rate Framework should remain firmly grounded in the OEB's legislated mandate and core regulatory principles. Rate-setting tools should not be used to directly or indirectly advance policy outcomes that are appropriately established through legislation or government direction. Rather, the focus must be to ensure just and reasonable rates, reliable and adequate service that meets customer needs, and fair recovery of prudently incurred costs. Maintaining this distinction will support regulatory predictability, manage risk appropriately, and enhance the durability and transparency of the framework.

Identification of the Proposed Topics

The proposed topics are appropriate and aligned with sector needs. The Company offers the following topic-specific comments:

1. Enhancing benchmarking: Enbridge Gas notes that this is specific to electric distributors and will not offer comments at this time.
2. Performance Incentive Mechanisms: Enbridge Gas notes that this is specific to electric distributors and will not offer comments at this time.
3. Incremental Capital Module Policy: Enbridge Gas agrees the ICM policy should be updated. The Company made a submission on July 2, 2025, in EB-2024-0236, with respect to the review and evaluation of the ICM policy. The Company supports improvements to: (i) adopt a materiality threshold methodology that reflects compounding inflationary impacts over an IR term (e.g. using actual historical PCI values since rebasing), (ii) remove the “exhaust other options” requirement as unclear and duplicative of the existing means test, and (iii) better accommodate multi-year integrity/renewal programs and multi-phase projects, including permitting a single application where appropriate to improve regulatory efficiency and funding certainty.
4. IR Method Refinements: Any refinements should remain sensitive to the needs of natural gas distributors and should strengthen incentives that support prudent investment in safety, reliability, growth and efficient delivery of natural gas. In addressing uncertainty, the framework should reflect that risk for gas distributors is driven by growth dynamics and long-term planning horizons and should preserve regulatory stability and predictable cost recovery to ensure risks are appropriately shared between utilities and customers.
5. TOTEX Approaches: Any consideration of TOTEX within the Next Generation Rate Framework should be grounded in Ontario’s legislative context, the OEB’s statutory mandate, and the operational realities of Ontario’s energy systems, including natural gas. This approach should be evaluated to ensure it supports safety, reliability, just and reasonable rates, and predictable cost recovery rather than introducing additional complexity, regulatory burden, or risk.

Additional Topics for Consideration

Enbridge Gas encourages the OEB to consider and address regulatory predictability, clear delineation of applicability, and staged implementation of new mechanisms.

Conclusion

Enbridge Gas supports the objectives of this consultation and encourages the OEB to design a framework that maintains consistency with RRF principles while recognizing the government’s policy direction and the continuing importance of an economically viable natural gas network for Ontario’s energy affordability, reliability, customer choice, and economic growth.

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Should you have any questions, please let us know.

Sincerely,

Vanessa Innis

Vanessa Innis
Director, Strategic Regulatory Applications – Rebasing