



Ontario | Commission  
Energy | de l'énergie  
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# **DECISION AND ORDER**

**EB-2020-0212**

**ENBRIDGE GAS INC.**

**2021 Federal Carbon Pricing Program Application**

**BEFORE: Allison Duff**  
Presiding Commissioner

**Lynne Anderson**  
Chief Commissioner

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**February 11, 2021**

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## 1 INTRODUCTION AND SUMMARY

Enbridge Gas Inc. (Enbridge Gas) requested Ontario Energy Board (OEB) approval under section 36(1) of the *Ontario Energy Board Act, 1998* (OEB Act) to increase rates to recover costs associated with meeting its obligations under the federal *Greenhouse Gas Pollution Pricing Act* (GGPPA) and the Federal Carbon Pricing Program (FCPP).

Under the GGPPA, Enbridge Gas is required to pay to the Government of Canada a fuel charge for greenhouse gas emissions from the natural gas that it delivers to its non-exempt customers, and incurs further obligations to the Government of Canada for greenhouse gas emissions from its own facilities. A Federal Carbon Charge and a Facility Carbon Charge are effective on Enbridge Gas customer bills to recover Enbridge Gas's customer-related and facility-related GGPPA costs, respectively.

On April 1, 2021, the fuel charge under the GGPPA will increase from \$30/tonne of carbon dioxide equivalent (CO<sub>2e</sub>) to \$40/tonne CO<sub>2e</sub>, equivalent to a charge increase from 5.87 ¢/m<sup>3</sup> to 7.83 ¢/m<sup>3</sup> of natural gas use.

Enbridge Gas requested approval to increase the Federal Carbon Charge on customer bills from 5.87 ¢/m<sup>3</sup> to 7.83 ¢/m<sup>3</sup> effective April 1, 2021 to match the level of the fuel charge it must remit to the Government of Canada for its customers' emissions. Enbridge Gas also requested approval to increase the Facility Carbon Charge to recover its forecast 2021 FCPP facility-related costs, effective April 1, 2021.

Enbridge Gas estimated that the incremental bill impact of the increases to the Federal Carbon Charge and Facility Carbon Charge (relative to current rates for these charges) for typical residential customers would be \$47.08 per year in the EGD rate zone (based on annual consumption of 2,400 m<sup>3</sup>) and \$43.23 per year in the Union rate zones (based on annual consumption of 2,200 m<sup>3</sup>).

The OEB is approving the rates requested by Enbridge Gas for the Federal Carbon Charge and Facility Carbon Charge on a final basis, except the rate for the Federal Carbon Charge will apply to First Nations on-reserve customers on an interim basis.

The OEB approves the rates provided in Exhibit D, Tab 1, Schedule 1 for the EGD rate zone, and Exhibit D, Tab 2, Schedules 1 and 2 for the Union rate zones. The OEB concludes that a draft rate order process is not necessary. Enbridge Gas shall file draft complete tariff sheets reflecting the OEB's determination in this proceeding as part of its April 1, 2021 Quarterly Revenue Adjustment Mechanism (QRAM) application.

## 2 GENERAL BACKGROUND

This is Enbridge Gas's third FCPP application to recover its costs associated with the FCPP. In previous proceedings,<sup>1</sup> the OEB has approved a Federal Carbon Charge on customer bills to recover Enbridge Gas's FCPP costs related to customer emissions, and a Facility Carbon Charge to recover Enbridge Gas's FCPP costs related to facility emissions.

Emissions from certain customers (e.g. large industrial customers and greenhouses) are eligible for full or partial exemption from the fuel charge under the GGPPA. These customer volumes are therefore subject to Enbridge Gas's Facility Carbon Charge, but not its Federal Carbon Charge.

In the first (2019) FCPP proceeding, the OEB also established three sets of FCPP deferral and variance accounts (DVAs):<sup>2</sup>

- Federal Carbon Charge – Customer Variance Accounts (Customer Variance Accounts), to record the variance between actual FCPP costs related to customer emissions and FCPP costs recovered in rates related to customer emissions
- Federal Carbon Charge – Facility Variance Accounts (Facility Variance Accounts), to record the variance between actual FCPP costs related to facility emissions and FCPP costs recovered in rates related to facility emissions
- Greenhouse Gas Emissions Administration Deferral Accounts (Administration Deferral Accounts), to record the administration costs associated with the FCPP

The 2019 balances in these DVAs were approved and disposed as part of the 2020 FCPP proceeding. Enbridge Gas did not bring forward any FCPP DVA balances for approval and disposition as part of this 2021 FCPP application. Enbridge Gas indicated that it will bring forward the 2020 DVA balances for approval and disposition as part of its next (2022) FCPP application.

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<sup>1</sup> EB-2018-0205, EB-2019-0247

<sup>2</sup> For each of the three sets of DVA, two accounts exist, one for customers in the EGD rate zone and one for customers in the two Union rate zones (Union North and Union South).

### 3 THE PROCESS

Enbridge Gas applied to the OEB on September 30, 2020 for approval under section 36(1) of the OEB Act to increase rates effective April 1, 2021 to recover costs associated with meeting its obligations under the GGPPA.

On November 10, 2020, the OEB issued [Procedural Order No. 1](#), which addressed requests for intervention and cost eligibility, and set dates for interrogatories and interrogatory responses.

The following parties were granted intervenor status and cost eligibility in this proceeding:

- Anwaatin Inc. (Anwaatin)
- Building Owners and Managers Association, Greater Toronto (BOMA)
- Canadian Manufacturers and Exporters (CME)
- Energy Probe Research Foundation (Energy Probe)
- Federation of Rental-housing Providers of Ontario (FRPO)

On November 20, 2020, the OEB issued a [Decision on Scope of Proceeding](#), indicating that the scope of this proceeding would be limited to considering the recovery of Enbridge Gas's costs related to the FCPP, specifically (i) updating the Federal Carbon Charge and Facility Carbon Charge on customer bills, to match the costs incurred by Enbridge Gas under the GGPPA; and (ii) considering Enbridge Gas's activities with respect to understanding, controlling, and mitigating its facility-related FCPP costs. The OEB also indicated that an issue raised in the 2020 FCPP proceeding (EB-2019-0247) regarding the applicability of the Federal Carbon Charge to First Nations on-reserve customers will be heard as part of the 2020 FCPP proceeding and not in the 2021 FCPP proceeding.

On or before November 24, 2020, intervenors and OEB staff filed written interrogatories. Enbridge Gas filed responses on December 8, 2020.

On December 11, 2020, the OEB issued a [Decision on Confidentiality and Procedural Order No. 2](#), which set dates for written submissions, and granted Enbridge Gas's request for confidential treatment for information provided as part of one interrogatory response.

On or before January 12, 2021, intervenors and OEB staff filed submissions. On January 18, 2021, Enbridge Gas filed its reply submission.

## 4 DECISION

The OEB approves the rates provided in Exhibit D, Tab 1, Schedule 1 for the EGD rate zone, and Exhibit D, Tab 2, Schedules 1 and 2 for the Union rate zones. Enbridge Gas shall incorporate these rates in its April 1, 2021 QRAM application to the OEB. These rates are approved on a final basis except the Federal Carbon Charge rate that applies to First Nations on-reserve customers which is approved on an interim basis.

The OEB acknowledges that, with minor exceptions, parties did not object to the relief sought by Enbridge Gas, yet intervenor submissions included suggestions for the OEB's consideration.

### 4.1 Customer Volume Forecasts

Enbridge Gas provided forecasts of customer volumes to support its requested rates.

Energy Probe noted that, in response to interrogatories, Enbridge Gas corrected an error in its forecast of customer volumes subject to the Federal Carbon Charge. Energy Probe submitted that, to ensure due diligence, the OEB should modify its approach to allow intervenors to examine these forecasts in detail.<sup>3</sup>

Enbridge Gas acknowledged and corrected this error, noting that its proposed unit rates and bill impacts did not change as a result of the correction.<sup>4</sup> This is because the rate for the Federal Carbon Charge is set to exactly match the level of the fuel charge under the GGPPA, and charged only to actual billed customer volumes.

Submissions from OEB staff and Energy Probe also discussed how the impact of the COVID-19 pandemic was addressed in Enbridge Gas's customer volume forecasts, and how this might affect the rates requested for the Facility Carbon Charge and Federal Carbon Charge, respectively.

OEB staff noted that the forecast of customer volumes from April 1, 2021 to March 31, 2022 is an input in determining the requested rate for the Facility Carbon Charge, and inquired whether Enbridge Gas's forecast of customer volumes incorporated impacts arising from the COVID-19 emergency. Enbridge Gas indicated that it did not make any specific adjustment to its General Service Market volume forecast to reflect the COVID-19 pandemic, but that the Q2 2020 Economic Outlook that this forecast was based on did include a forecast of variables that inherently includes certain COVID-19 pandemic impacts (such as GDP, unemployment and housing starts). Enbridge Gas also noted that its forecast included adjusted consumption volumes for Contract Market customers

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<sup>3</sup> Energy Probe submission, January 11, 2021, p. 4

<sup>4</sup> Exhibit I.EP.3

to project the impact of the COVID-19 pandemic, using historical data based upon the impacts resulting from the 2008 economic recession.<sup>5</sup>

Enbridge Gas also noted that the Federal Carbon Charge – Facility Variance Accounts are in place to record any discrepancy between forecast facility-related costs recovered through the Facility Carbon Charge and actual incurred facility-related costs. Enbridge Gas indicated that it does not expect any balances due to differences in volume between forecast and actual to be material, relative to the total forecast cost of compliance with the GGPPA in 2021.<sup>6</sup> Given this information, OEB staff did not make any proposals regarding Enbridge Gas’s forecast of customer volumes or its impact on the Facility Carbon Charge.

Energy Probe submitted that 2021 customer volume forecasts may be affected by continuation of the COVID-19 pandemic, and that as a condition of approval for the requested Federal Carbon Charge rate, the OEB should require Enbridge Gas to conduct a mid-term review and advise the OEB if the actual year-to-date 2021 volumes indicate the forecast is materially different, leading to large amounts in the Customer Variance Accounts.

Enbridge Gas opposed Energy Probe’s recommended mid-term review as a condition of approval for the Federal Carbon Charge. Enbridge Gas submitted that, because customers are charged the Federal Carbon Charge based on their actual billed volumes, any variances between actual billed volumes and the customer-related volume forecasts would not lead to the accumulation of balances in the Customer Variance Accounts.<sup>7</sup>

## Findings

The OEB accepts the customer volume forecasts provided by Enbridge Gas. This forecast is used to set the Facility Carbon Charge, but does not affect the level of the Federal Carbon Charge. As a result of this interrogatory process, Enbridge Gas corrected an input error, yet this correction did not change the overall forecast 2021 volumes, the unit rates or bill impacts.

As indicated in Procedural Order No. 2 (December 11, 2020), the OEB found the interrogatory process sufficient for purposes of this proceeding. The interrogatory process is an important opportunity for parties to test the evidence as filed. The scope of this proceeding permitted interrogatories on the 2021 volume forecast. The scope of

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<sup>5</sup> Exhibit I.Staff.4

<sup>6</sup> Exhibit I.Staff.4

<sup>7</sup> Enbridge Gas reply argument, January 18, 2021, p. 7

subsequent proceedings may be different, based on the application and evidence filed requiring more detailed review of forecast volumes.

The OEB finds no need to add an additional mid-term review of the FCPP-related DVA inputs to adjust the parameters related to those accounts given that volumes do not impact the Federal Carbon Charge, and any update to volumes is not likely to be material for the Facility Carbon Charge.

## 4.2 Federal Carbon Charge

Enbridge Gas requested approval on a final basis of a Federal Carbon Charge of 7.83 ¢/m<sup>3</sup>, an increase from the current rate of 5.87 ¢/m<sup>3</sup>, effective April 1, 2021. Enbridge Gas estimated that the incremental bill impact of this increase for typical residential customers, if approved, would be \$47.04 per year in the EGD rate zone (based on annual consumption of 2,400 m<sup>3</sup>) and \$43.13 per year in the Union rate zones (based on annual consumption of 2,200 m<sup>3</sup>).

The requested rate for the Federal Carbon Charge matches the volumetric rate for the fuel charge that Enbridge Gas must pay to the Government of Canada for its customers' emissions, effective April 1, 2021. Customers are charged the Federal Carbon Charge monthly based on actual billed volumes.

Enbridge Gas used the same approach as in its previous FCPP proceedings<sup>8</sup> to determine which customers are eligible for reductions or exemptions from the fuel charge under the GGPPA, and provides a corresponding reduction or exemption for the Federal Carbon Charge on these customers' bills.

The Federal Carbon Charge is currently approved on an interim basis for First Nations on-reserve customers, as a result of the OEB's [August 13, 2020 Decision and Order](#) in the 2020 FCPP proceeding, pending a determination in that proceeding as to the applicability of this charge to First Nations on-reserve customers in light of the *Indian Act*, relevant treaties, and section 35 of the *Constitution Act, 1982* (the Deferred Issues). In the 2020 FCPP proceeding, the OEB determined that it would defer consideration of the Deferred Issues until the Supreme Court of Canada (SCC) rendered its decision on appeals before the SCC concerning the constitutionality of the GGPPA.

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<sup>8</sup> EB-2018-0205, EB-2019-0247



In its 2021 FCPP Application, Enbridge Gas requested to increase the Federal Carbon Charge on an interim basis for First Nations on-reserve customers, and indicated that it would continue tracking such charges until the OEB makes a determination on the Deferred Issues, and would also continue noting the interim nature of this charge in its rate schedules.

In its Decision on Scope of Proceeding, the OEB provided direction that the Deferred Issues would not be heard in the 2021 FCPP proceeding, and that, at the conclusion of the 2021 FCPP proceeding, the Federal Carbon Charge will remain interim for First Nations on-reserve customers.<sup>9</sup> The OEB also indicated that it would issue subsequent procedural steps within the 2020 FCPP proceeding after an SCC decision has been released.

No parties objected to the rates for the Federal Carbon Charge requested by Enbridge Gas.

Anwaatin requested that the OEB continue to monitor the Deferred Issues and consider the impacts of a prolonged period of interim rates for on-reserve First Nations customers who may be experiencing energy poverty.

## Findings

The OEB approves the Federal Carbon Charge rates requested by Enbridge Gas, effective April 1, 2021, on a final basis. The approved Federal Carbon Charge rates will apply to First Nations on-reserve customers on an interim basis.

While the Deferred Issues were out of scope in this proceeding, Anwaatin repeated an argument made in the 2020 FCPP proceeding that the OEB has effectively predetermined that the FCPP charges will apply to the Anwaatin communities without a hearing. The OEB does not agree with this position, and reiterates the findings from the 2020 FCPP proceeding as follows:

The OEB has not dispensed with its consideration of the Deferred Issues, nor has the OEB denied a right to be heard to the relevant parties. By setting the relevant FCPP charges on an interim basis effective April 1, 2020, the OEB has ensured that the matters raised by Anwaatin can be heard at a future time, and the FCPP charges being determined in this proceeding can be amended for First Nations on-reserve customers if warranted.<sup>10</sup>

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<sup>9</sup> Decision on Scope of Proceeding, November 20, 2020

<sup>10</sup> EB-2019-0247, Decision and Order p.19

### 4.3 Facility Carbon Charge

Enbridge Gas requested approval on a final basis of an updated Facility Carbon Charge, effective April 1, 2021, to reflect forecast 2021 facility-related costs. Enbridge Gas requested approval to increase the Facility Carbon Charge from 0.0049 ¢/m<sup>3</sup> to 0.0066 ¢/m<sup>3</sup> for the EGD rate zone and from 0.0088 ¢/m<sup>3</sup> to 0.0127 ¢/m<sup>3</sup> for the Union rate zones. The incremental bill impact of this increase for typical residential customers is \$0.04 per year in the EGD rate zone (based on annual consumption of 2,400 m<sup>3</sup>) and \$0.10 per year in the Union rate zones (based on annual consumption of 2,200 m<sup>3</sup>).

Enbridge Gas used the same methodology to establish rates for the Facility Carbon Charge (based on forecast facility-related emissions and costs, and customer volumes) as in its previous FCPP proceedings.

#### Potential Changes to 2021 Facility-Related OBPS Cost

The majority of Enbridge Gas's forecast 2021 facility-related costs (\$4.0 million out of \$5.9 million)<sup>11</sup> are from its transmission and storage operations, which are subject to the output-based pricing system (OBPS) under the GGPPA. Enbridge Gas incurs obligations to the Government of Canada for emissions in excess of a sector-based emission intensity benchmark. Options to meet OBPS obligations include paying the fuel charge on excess emissions, purchasing surplus credits from facilities who were below their emissions threshold, or purchasing offset credits from facilities not subject to carbon pricing that generated greenhouse gas emissions reductions from voluntary actions.

Enbridge Gas's forecast 2021 OBPS cost assumes that Enbridge Gas will pay the fuel charge on all excess emissions. The other compliance options under the OBPS are not yet in effect (no surplus credits have been issued, and the federal offset program has not yet been established).

On September 21, 2020, the Government of Ontario announced that the Government of Canada has determined that Ontario's Emissions Performance Standards (EPS) are an acceptable carbon pricing alternative to the federal OBPS for eligible industrial facilities.

Once these changes have been made, Enbridge Gas would be subject to the EPS instead of the OBPS, which would change Enbridge Gas's facility-related carbon pricing costs.

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<sup>11</sup> Exhibit A, pp. 9-11 of 16

In its 2021 FCPP application, Enbridge Gas assumed that it would remain subject to the federal OBPS in 2021, and not the Ontario EPS. Enbridge Gas noted that it could amend its application once additional details are announced. Enbridge Gas estimated that transitioning from the OBPS to the EPS for the 2021 period could reduce its facility-related compliance costs by approximately \$1.9 million.<sup>12</sup>

On December 17, 2020, the Government of Ontario posted a proposal on the Environmental Registry ([ERO 019-2813](#)). The proposal noted that the Government of Canada has not yet made a decision on a start date for compliance obligations under the EPS program, but that the options under consideration are for industry to have compliance obligations under the EPS program begin with their 2021 emissions or their 2022 emissions. The Ontario regulatory proposal is drafted based on a 2021 start date (i.e., covering 2021 emissions and onwards), and would be adjusted if the Government of Canada decides on a 2022 start date. No additional information on the transition date for the EPS program has been provided by the governments of Ontario or Canada, as of the date of this Decision.

Enbridge Gas's final 2021 OBPS obligation does not need to be settled with the Government of Canada until June 2022. Enbridge Gas indicated that any change in its final OBPS obligation due to the above factors (use of surplus or offset credits, transition to the Ontario EPS system) will be tracked in the Facility Variance Accounts and included in a future FCPP application for disposition.

OEB staff noted that should the EPS come into effect in 2021, Enbridge Gas's facility-related costs would be reduced by approximately one-third. However, because the Facility Carbon Charge is a small charge that is recovered over all Enbridge Gas customer volumes, and the Facility Variance Accounts are in place, this change would have a minor bill impact on customers.<sup>13</sup> OEB staff therefore submitted that Enbridge Gas's methodology was based on the best available information, and that the Facility Carbon Charge should be approved as filed on a final basis.

Energy Probe submitted that, given the uncertainty about the transition to the Ontario EPS and its impact on 2021/22 OBPS volumes and charges, the Facility Carbon Charge should be approved on an interim basis at the requested rate.<sup>14</sup> Enbridge Gas opposed this submission, noting the factors mentioned by OEB staff, and also indicating

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<sup>12</sup> Exhibit I.Staff.1

<sup>13</sup> At the proposed level of the Facility Carbon Charge in Union rate zones (0.0127 ¢/m<sup>3</sup>), the annual bill impact for a residential customer using 2,200 m<sup>3</sup> is \$0.28, so a 1/3 reduction in actual 2021 facility-related costs would incur a variance of roughly \$0.09 per customer that would be addressed through disposition of the Federal Carbon Charge - Facility Variance Accounts.

<sup>14</sup> Energy Probe submission, January 10, 2021, p. 6

that an interim approval would require Enbridge Gas to come forward with an additional application to finalize this rate, which would not be efficient.<sup>15</sup>

## Findings

The OEB approves the Facility Carbon Charge rates requested by Enbridge Gas, effective April 1, 2021 on a final basis.

The OEB notes that the incremental bill impact of the Facility Carbon Charge increase for typical residential customers is \$0.04 per year in the EGD rate zone and \$0.10 per year in the Union rate zones.

The OEB established a number of DVAs related to the FCPP and related charges to customers. One purpose of a variance account is to capture rate and cost impacts that are uncertain at the time a decision is made. Once balances are accumulated within these accounts, the OEB will dispose of those balances through a hearing process.

At this time, actual consumption is uncertain as well as the timing of the introduction of the EPS. Transitioning from the OBPS to EPS is dependent on the Government of Canada's approval, which in turn affects the timing and facility-cost estimate. Further, the \$1.9M estimated savings provided by Enbridge is less than 1% of the FCPP related costs,<sup>16</sup> which the OEB does not find significant to rate-setting for the FCPP program.

### 4.4 Parkway Delivery Commitment Incentive

The Parkway Delivery Commitment Incentive (PDCI) is a credit provided to direct purchase customers delivering gas at Parkway Hub, instead of Dawn Hub. The PDCI credit is set at the M12 Dawn to Parkway commodity rate, which includes the Facility Carbon Charge and would increase by \$0.001/GJ, should Enbridge Gas's requested increase to the Facility Carbon Charge be approved. The PDCI credit rate would increase by an equal amount.

By including the updated Facility Carbon Charge, the total cost of the PDCI credit would increase by \$0.089 million (from \$12.766 million to \$12.854 million). The cost of the PDCI credit is recovered from Union South in-franchise delivery rates.

Enbridge Gas requested approval to update the PDCI credit and Union South in-franchise delivery rates to reflect these changes. Enbridge Gas provided a calculation of the Union South in-franchise delivery unit rate changes.

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<sup>15</sup> Enbridge Gas reply submission, January 18, 2021, p 6.

<sup>16</sup> 2021 FCPP customer-related and facility-related costs are forecast to be \$843.1M for the EGD rate zone and \$522.2M for the Union rate zones. Exhibit I.EP.3, Attachments 1 and 2

No parties opposed Enbridge Gas's requested rate for the PDCI credit and its consequential changes to delivery rates.

## Findings

The OEB approves Enbridge Gas's request to update the PDCI credit and Union South in-franchise delivery rates to reflect the changes to the Facility Carbon Charge, effective April 1, 2021, on a final basis.

### 4.5 Managing Facility-Related Costs

The OEB determined in its Decision on Scope of Proceeding that the scope of this proceeding includes considering Enbridge Gas's activities with respect to understanding, controlling, and mitigating its facility-related FCPP costs.

As part of its application, Enbridge Gas included evidence on potential options for reducing its facility-related emissions. Enbridge Gas indicated that it has undertaken work to evaluate the feasibility, emission reduction potential and cost of potential opportunities to reduce facility-related emissions. Enbridge Gas provided details on four such opportunities – online monitoring of compressor units, turbine air filter replacements, installing an electric drive compressor to operate in place of an existing turbine powered compressor (“Plant J twinning”), and re-wheeling turbines.

Enbridge Gas conducted a Discounted Cash Flow analysis of these 4 opportunities, based on inputs including the expected emissions reductions, avoided facility-related FCPP costs, and incremental capital costs. Enbridge Gas determined that two of these opportunities (online monitoring and air filters) are cost-effective, and is currently implementing these projects. These projects are estimated to reduce emission by about 4,000 tonnes carbon dioxide equivalent (CO<sub>2</sub>e) over a 10-year period. Enbridge Gas determined that the other two opportunities are not cost-effective under current conditions.

Enbridge Gas indicated that the costs of the two projects being implemented were minor and would be funded as part of Enbridge Gas's regular maintenance costs. Enbridge Gas confirmed it is not seeking to recover any costs associated with either of these projects through FCPP rates or FCPP-related DVAs. Enbridge Gas indicated that in the future, should it implement projects for the sole purpose of reducing its facility-related emissions, it may seek to recover such costs as part of future FCPP applications.<sup>17</sup>

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<sup>17</sup> Exhibit I.Staff.2

OEB staff submitted that Enbridge Gas had taken reasonable action to date to manage its facility-related FCPP costs, and that Enbridge Gas should continue assessing opportunities to reduce these costs, which could include reducing facility-related emissions, or making use of options other than paying the fuel charge on excess emissions for its OBPS obligations.

Anwaatin indicated that the OEB should consider the interrelationship between Enbridge Gas's actions and spending for the FCPP and the corporate emissions reduction commitments of Enbridge Inc. (the shareholder of Enbridge Gas). Specifically, Anwaatin requested that the OEB order Enbridge Gas to produce a fully allocated costing of all charges levied pursuant to the FCPP in a manner that provides transparency and accountability as to whether such charges are going to the account of Enbridge Gas, customers, or Enbridge Gas's shareholder (Enbridge Inc.).<sup>18</sup> Enbridge Gas opposed this submission, noting that it has not proposed to recover the costs associated with any emission reduction opportunities as part of this application.

## Findings

Enbridge Gas is not seeking cost recovery for greenhouse gas emissions projects in this proceeding and therefore the OEB did not include related cost allocation issues in the scope of this proceeding. In future proceedings, if Enbridge Gas seeks cost recovery for greenhouse gas emissions projects, the OEB can determine the sufficiency of the evidence filed.

## 4.6 Other Matters

Energy Probe's submission included suggestions on two additional issues - the tracking of bad debt expenses, and bill presentment and customer engagement regarding the FCPP charges.

### Tracking Bad Debt

Enbridge Gas included a forecast of 2021 administration costs, for information purposes only, including bad debt. Enbridge Gas did not seek approval to recover these costs in this application.

Energy Probe requested that the OEB "indicate to Enbridge Gas that the forecast increase in bad debt should be considered under the OEB's review of COVID-19 Expenses".<sup>19</sup> Enbridge Gas opposed this submission, noting that the OEB had recently directed Enbridge Gas to record COVID-19 pandemic related bad debt expenses in a

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<sup>18</sup> Anwaatin submission, January 11, 2021, pp. 2-3

<sup>19</sup> Energy Probe submission, January 10, 2021, pp. 6-7

COVID-specific sub-account as part of its Decision on Enbridge Gas's 2020 FCPP application.<sup>20</sup> Enbridge Gas also noted that a forecast increase in bad debt may not be due to the COVID-19 pandemic, but could also be due to the increasing cost of carbon under the GGPPA (and thus the amount of funds collected from Enbridge Gas customers).<sup>21</sup>

### **Bill Presentment and Customer Engagement Regarding FCPP Charges**

Energy Probe requested that the OEB direct Enbridge Gas to provide greater transparency on the FCPP on customer's bills, as well as enhanced information regarding the Federal Carbon Charge on its website.<sup>22</sup> Energy Probe noted that it had been contacted by an Enbridge Gas customer, who indicated concerns about the transparency of the OEB process and the disclosure of the FCPP information to customers. Energy Probe also submitted that if the Ontario EPS program comes into effect, the information provided to customers should clearly delineate the amounts of the OPBS and EPS charges. BOMA submitted that consideration should be given in a future proceeding as to whether the Facility Carbon Charge should be presented as a separate line item on customer's bills to enable customers to quickly and easily see the entire impact of the FCPP.<sup>23</sup>

In Enbridge Gas's initial (2019) FCPP application, the OEB considered the issues of bill presentment and customer communication regarding FCPP costs.<sup>24</sup> In its Decision and Order in that proceeding, the OEB determined that the Federal Carbon Charge should be presented as a separate line item on customer bills, but that a separate Facility Carbon Charge line item was unnecessary, given the expected magnitude of this charge. The OEB also directed Enbridge Gas to include a bill message for six months to help inform customers about the new charge.

### **Findings**

Given the largely mechanistic nature of the proceeding, the OEB issued a Decision on the Scope of Proceeding. The OEB's findings in this decision are consistent with this scope. This is the third proceeding in which the OEB has considered cost recovery by Enbridge Gas for the FCPP. When the FCPP was first introduced the OEB addressed a number of issues to establish the appropriate rates and charges related to the new FCPP program, including the issues of bill presentment and customer engagement. The OEB subsequently addressed matters related to the impact of COVID-19.

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<sup>20</sup> EB-2019-0247, Decision and Order, August 13, 2020, p. 11

<sup>21</sup> Enbridge Gas reply submission, January 18, 2021, p. 10

<sup>22</sup> Energy Probe submission, January 10, 2021, pp. 3-4

<sup>23</sup> BOMA submission, January 11, 2021, p.3

<sup>24</sup> EB-2018-0205, Decision and Order, July 4, 2019, pp. 6-7, 10-12

As a general rule, once a decision has been made, the OEB will not alter its decision unless there are new, material considerations. The OEB does not find there to be any new material considerations in this proceeding, compared to the prior two proceedings, that alter the main aspects of Enbridge's bill presentment of FCPP charges, its website content regarding the FCPP program, or the 2021 bad-debt expense tracking related to COVID-19.



## 5 NEXT STEPS

Enbridge Gas indicated that it would file a draft rate order for final rates following issuance of the OEB's Decision and Order for this Application.

OEB staff submitted that if the OEB approved the rates as requested by Enbridge Gas in this application, that a draft rate order was likely unnecessary. Enbridge Gas supported this submission.

### Findings

The OEB agrees with OEB staff that a draft rate order process is not necessary in this proceeding. The OEB appreciates the recommendation which will expedite the conclusion of this proceeding, improving the efficiency to this hearing process.

The rates approved by the OEB in this proceeding shall be brought forward by Enbridge Gas for incorporation in its April 1, 2021 QRAM application.

The OEB has also scheduled a process for consideration of intervenor costs in this proceeding.

## 6 ORDER

### THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Enbridge Gas Inc.'s requested unit rates for the Federal Carbon Charge and Facility Carbon Charge, as set out in Exhibit D, Tab 1, Schedule 1 for the EGD rate zone, and Exhibit D, Tab 2, Schedule 1 for the Union rate zones, are approved on a final basis, effective April 1, 2021, except for First Nations on-reserve customers, for whom the approved Federal Carbon Charge rates apply on an interim basis.
2. Enbridge Gas Inc.'s requested unit rate changes for Union South in-franchise delivery rates to update the Parkway Delivery Commitment Incentive credit to reflect the changes to the Facility Carbon Charge, as shown in Exhibit D, Tab 2, Schedule 2, are approved on a final basis, effective April 1, 2021.
3. Intervenors shall file with the OEB, and forward to Enbridge Gas Inc., their respective cost claims by **February 25, 2021**.
4. Enbridge Gas Inc. shall file with the OEB, and forward to intervenors, any objections to the claimed costs by **March 4, 2021**.
5. Intervenors shall file with the OEB, and forward to Enbridge Gas Inc., any responses to any objections for cost claims by **March 11, 2021**.
6. Enbridge Gas Inc. shall pay the OEB's costs incidental to this proceeding upon receipt of the OEB's invoice.

All materials filed with the OEB must quote the file number, **EB-2020-0212**, and be submitted in a searchable/unrestricted PDF format with a digital signature through the OEB's web portal at <https://p-pes.ontarioenergyboard.ca/PivotalUX/>. Filings must clearly state the sender's name, postal address, telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the [Regulatory Electronic Submission System \(RESS\) Document Guidelines](#) found at [www.oeb.ca/industry](http://www.oeb.ca/industry). We encourage the use of RESS; however, parties who have not yet [set up an account](#), may email their documents to [registrar@oeb.ca](mailto:registrar@oeb.ca).

All communications should be directed to the attention of the Registrar and be received no later than 4:45 p.m. on the required date.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Michael Parkes at [michael.parkes@oeb.ca](mailto:michael.parkes@oeb.ca) and OEB Counsel, Lawren Murray at [Lawren.murray@oeb.ca](mailto:Lawren.murray@oeb.ca).

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

Fax: 416-440-7656

**DATED** at Toronto **February 11, 2021**

**ONTARIO ENERGY BOARD**

*Original Signed By*

Christine E. Long  
Registrar