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September 1, 2021

Sent by EMAIL, RESS e-filing

Ms. Christine E. Long
Registrar
Ontario Energy Board
27-2300 Yonge Street
Toronto, ON M4P 1E4

Dear Ms. Long:

Re: EB-2021-0235 & EB-2021-0236: Quarterly Rate Adjustment Mechanism ("QRAM") Notice of Commodity-Related Price Increase Estimate October 2021

The purpose of this letter is to inform the Ontario Energy Board ("OEB") of the estimated change in the commodity portion of an average residential customer's bill that is expected when EPCOR Natural Gas Limited Partnership ("ENGLP") files its October 1, 2021 QRAM application.

<u>Aylmer</u>

Based on preliminary estimates provided by Enbridge Gas Inc. in the letter received August 27, 2021[1], there is a possibility that the commodity bill increase will be slightly higher than 25% for the franchise area since the system gas rates are dependent upon the rates set by Enbridge for the Union South rate zone.

<u>South Bruce</u>

Based on market pricing trends since the preliminary estimate was prepared, ENGLP South Bruce expects it is likely that the gas commodity portion of the bill will increase by slightly less than 25% for system gas customers in South Bruce when the October 1, 2021 QRAM is prepared.

In both instances, should the commodity bill increase be greater than 25% for an average residential customer, ENGLP is planning to include a plan to mitigate the increase to an acceptable level with the October 1, 2021 QRAM application.

[1] EB-2021-0219, EGI_Ltr_Nov Estimate_Oct 2021QRAM_20210827eSigned

Background

In its QRAM Review Decision (EB-2014-0199), dated August 14, 2014, the OEB determined that it:

…will require Enbridge, NRG and Union, one month in advance of the normal 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 forecasted reference price (based on the most current 21-day strip available at the time) for the next quarter and the forecasted 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 Board 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.

Cost Drivers of the Commodity Bill Impacts

Aylmer

As noted in the Enbridge letter of August 27, 2021:

Of the estimated bill impact for a typical residential customer, the cost drivers are:

1. Increases related to the market price of natural gas, and
2. Increases related to the Purchase Gas Variance Accounts ("PGVA") riders.

1. Increase in the market price of natural gas
The price used to set the gas commodity rate is forecast for October 1, 2021 to September 30, 2022 and is expected to increase between \$0.564/GJ and \$0.707/GJ from the prices approved by the Board in the July 2021 QRAM.

2. Increases in the Purchased Gas Variance Account ("PGVA") Riders
The October 1, 2020 PGVA riders are credit riders that expire with the October 1, 2021 QRAM. The impact of the expiring credit rider is added to the impact of the PGVA rider determined for the October 1, 2021 QRAM.

South Bruce

Of the estimated bill impact for a typical residential customer, the cost driver is the increases related to the market price of natural gas.

1. Increase in the market price of natural gas
The price used to set the gas commodity rate is forecast for October 1, 2021 to September 30, 2022 and is expected to increase between $0.520/GJ and $0.558/GJ from the prices approved by the Board in the July 2021 QRAM.

ENGLP expects to file its October 1, 2021 QRAM application on September 10, 2021.

Please feel free to contact me if you have any questions regarding this matter.

Sincerely,

Tim Hesselink
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