

# Information for Energy Marketers

November 16, 2021

## Enbridge Gas Files 2022 Federal Carbon Pricing Program Application

On Sept. 29, 2021, Enbridge Gas Inc. filed its 2022 Federal Carbon Pricing Program (FCPP) application with the Ontario Energy Board (OEB) for rate changes effective April 1, 2022 ([EB-2021-0209](#)). This application is seeking approval of rates to recover the costs associated with the federal Greenhouse Gas Pollution Pricing Act (GGPPA) as a pass-through to customers. This application also includes a request for approval for disposition of the 2020 balances in the FCPP-related deferral and variance accounts.

In accordance with the GGPPA, the federal government implemented a carbon pricing system in Ontario in 2019. Enbridge Gas bills and collects federal carbon charges from its customers and remits the money that we collect to the federal government.

The federal carbon charge for 2022 is based on \$50/tCO<sub>2</sub>e (9.79 cents/m<sup>3</sup>). All natural gas consumption is subject to the federal carbon charge except natural gas consumption that qualifies for exemption under the GGPPA.

<b>Proposed 2022 Federal Carbon Pricing Customer-Related Charge (if applicable)</b>
9.7900 cents/m <sup>3</sup>

<b>Proposed 2022 Federal Carbon Pricing Facility-Related Charge (EGD Rate Zone)</b>	<b>Proposed 2022 Federal Carbon Pricing Facility-Related Charge (Union Rate Zones)</b>
0.0070 cents/m <sup>3</sup>	0.0141 cents/m <sup>3</sup>

The customer-related federal carbon charge (as applicable) is a separate line item on the bill. Customers who have registered and received an exemption certificate from the federal government will not be charged the customer-related charge. The facility-related carbon charge, which applies to all customers in each rate class regardless of their exemption status, is included in the delivery or transportation charges on customers' bills.

### 2020 Federal Carbon Charge Deferral and Variance Accounts

In this application Enbridge Gas is seeking OEB approval for the disposition of the 2020 balances recorded in its FCPP-related deferral and variance accounts effective April 1, 2022. If approved as filed, the account clearing will result in a one-time adjustment being

applied to bills for all customers on the first QRAM following OEB approval, as early as April 2022.

### EGD Rate Zone Customers

	Unit Rate for One-Time Rate Adjustment* (cents/m <sup>3</sup> )
Rate 100	(0.0003)
Rate 110	(0.0003)
Rate 115	(0.0003)
Rate 125	(0.0003)
Rate 135	(0.0003)
Rate 145	(0.0002)
Rate 170	(0.0003)
Rate 200	(0.0003)
Rate 300	0.0001
Rate 300 Interruptible	0.0001
Rate 315	0.0000
Rate 332	(0.0003)

\*recovered on customers' April 2022 bills and based on actual Jan. 1 to Dec. 31, 2020 volumes

### Union North Rate Zone Customers

	Unit Rate for One-Time Rate Adjustment* (cents/m <sup>3</sup> )
Rate 20	(0.0004)
Rate 25	0.0100
Rate 100	(0.0015)

\*recovered on customers' April 2022 bills and based on actual Jan. 1 to Dec. 31, 2020 volumes

## Union South Rate Zone Customers

	Unit Rate for One-Time Rate Adjustment* (cents/m <sup>3</sup> )
Rate M4	0.0004
Rate M5A	0.0250
Rate M7	(0.0013)
Rate M9	(0.0013)
Rate M10	0.0355
Rate T1	0.0005
Rate T2	(0.0012)
Rate T3	(0.0007)

\*recovered on customers' April 2022 bills and based on actual Jan. 1 to Dec. 31, 2020 volumes

Full details of the Federal Carbon Pricing Program application ([EB-2021-0209](#)) can be found on our website.

## Transition to the Ontario Emissions Performance Standards (EPS)

On Sept. 1, 2021, the federal government removed the application of the federal Output-based Pricing System (OBPS) from Ontario, effective Jan. 1, 2022. Ontario's Emissions Performance Standards (EPS) program will replace the federal OBPS program on Jan 1, 2022. Similar to the federal OBPS, the EPS regulates greenhouse gas emissions from large industrial facilities by setting an emissions standard that the facility must meet each year. A facility that does not meet the standard will be responsible for paying to cover the portion of its emissions that exceed the standard.

**As of Jan. 1, 2022, only facilities that are registered in the EPS program will remain eligible for exemption from the federal carbon charge.**

Before proceeding with registering your facility in the EPS, review the eligibility criteria within the EPS Regulation ([O. Reg. 241/19](#)) to ensure that the facility qualifies for registration under the EPS.

Registering your facility in the EPS requires the following steps:

1. **Register/confirm existing registration under the Ontario EPS with the Ministry of the Environment, Conservation and Parks (MECP) to receive a Certificate of Facility Registration.**

- A facility that is already registered in the EPS and currently an OBPS registered facility are being asked to provide a facility boundary map to MECP and to confirm or if needed, update the registration information on file.
2. **Apply to Environment and Climate Change Canada (ECCC) to obtain a Determination.**
- An application must include a completed Application for Determination form, Certificate of Facility Registration, and the facility boundary map.
  - ECCC will review a facility's Application for Determination and issue a statement, with a statement number, confirming the facility is subject to the Ontario EPS.
3. **Register as an emitter with the Canada Revenue Agency (CRA)**
- a. For an existing registration
- If the statement issued by the ECCC is to the same person as the person responsible under the federal OBPS and all the information provided to CRA is still accurate, **no action is required**.
  - In this situation, the facilities will be allowed to maintain their existing emitter registration and they can continue to use their existing fuel charge Exemption Certificate already provided to their suppliers.
  - Enbridge Gas will retain your facility's existing exemption documentation on file, and you will not be required to submit any further documentation to Enbridge Gas.
- b. For a new registration (i.e., the facility has never been registered under EPS or OBPS, or the previous responsible person/information provided to CRA has changed)
- Using the statement number provided by ECCC, complete and submit forms L400 and L400-1 to register the facility with the CRA.
  - Once registration is approved by the CRA, download and populate the Exemption Certificate and provide a copy to your fuel suppliers to receive fuel deliveries free of the federal carbon charge.
  - If your facility is issued new exemption documentation from the CRA, due to registering a new facility or updating your facility information previously provided to the CRA, you must provide Enbridge Gas with the new exemption documentation. Enbridge Gas must be in possession of the three documents below to reflect the applicable exemption from the federal carbon charge within our billing system. Please complete and submit the following materials to:

- [contractsupportandcompliance@enbridge.com](mailto:contractsupportandcompliance@enbridge.com) (former Enbridge Gas Distribution customers), or [uglcontractingteam@uniongas.com](mailto:uglcontractingteam@uniongas.com) (former Union Gas customers)
  1. Completed [Facility Declaration Form](#)
  2. CRA-issued registration confirmation letter (not applicable to greenhouse operators)
  3. CRA-issued exemption certificate

To avoid a gap in fuel charge exemption when transitioning a facility from OBPS to EPS, facilities are being encouraged to begin the registration transition process as soon as possible to ensure enough time for government authorities to issue the necessary documentation before Jan 1, 2022.

For more information, or if you have questions about the registration process or the EPS program, please see the following resources and contact details:

**EPS Overview:**

<https://www.ontario.ca/page/emissions-performance-standards-program>

**Enbridge Gas webpage:**

<https://www.enbridgegas.com/business-industrial/commercial-industrial/large-volume-services-rates/federal-carbon-pricing>

**Fuel Charge Registration:**

<https://www.canada.ca/en/revenue-agency/services/tax/excise-taxes-duties-levies/fuel-charge/registration.html>

**Ontario EPS Program Help Desk:**

416-314-5352

1-888-217-3326 (Toll-free)

Email: [EPSHelp@ontario.ca](mailto:EPSHelp@ontario.ca)

**Ontario EPS Registration:**

Email: [EPSapplications@ontario.ca](mailto:EPSapplications@ontario.ca)

**ECCC Registration:**

[ptintegrationpt@ec.gc.ca](mailto:ptintegrationpt@ec.gc.ca)

**CRA Registration:**

1-866-330-3304

## **Enbridge Gas Files 2022 Phase 2 Rates Application (Incremental Capital Module)**

On Oct. 15, 2021, Enbridge Gas Inc. filed its 2022 Phase 2 Rate Application and Evidence ([EB-2021-0148](#)).

Our 2022 rate application has been separated into two phases to allow for timely review and adjudication. Phase 1 of this application addressed the incentive rate-setting mechanism (IRM) related elements, which includes the annual rate escalation, pass-through costs, capital pass-through adjustments and Parkway Delivery Obligation rate adjustments. Phase 1 was filed on June 30, 2021 and a settlement proposal, including a resolution of all items in the Phase 1 rate application, was filed on Sept. 29, 2021. Phase 2 of this application addresses matters related to Incremental Capital Module (ICM) funding (including an addendum to the asset management plan and a progress report on recommendations for unaccounted for gas).

Enbridge Gas is seeking OEB approval for ICM funding for five projects in 2022:

EGD rate zone:

- St. Laurent Ottawa North Replacement (Phase 3) Project
- NPS 20 Replacement Cherry to Bathurst Project

Union rate zones:

- Dawn to Cuthbert Replacement and Retrofits Project
- Byron Transmission Station Project
- Kirkland Lake Lateral Replacement Project

A range of delivery bill impacts for typical contract rate customers in the EGD and Union rate zone are shown below. Individual bill impacts will vary and depend upon a customer's use of natural gas.

## Information for EGD Rate Zone Customers

Rate Class	Proposed Delivery Bill Impact Range (%)
Rate 100	0.3% to 0.4% <sup>1,2</sup>
Rate 110	0.4% to 0.6 % <sup>1,2</sup>
Rate 115	0.8% <sup>1,2</sup>
Rate 135	0.0% <sup>1,2</sup>
Rate 145	0.0% <sup>1,2</sup>
Rate 170	0.1% <sup>1,2</sup>
Rate 125	0.0% <sup>3</sup>
Rate 300	1.2% <sup>3</sup>

1. [EB-2021-0148](#), Exhibit B, Tab 2, Schedule 1, Appendix H.2, filed Oct. 15, 2021.
2. Bill impacts excluding federal carbon charges.
3. Bill impacts are calculated based on contract demand charge unit rates only.

## Information for Union South Rate Zone Customers

Rate Class	Proposed Delivery Bill Impact (%) <sup>1,2</sup>
Rate M4	0.0%
Rate M5A	0.0%
Rate M7	0.0%
Rate M9	0.0%
Rate M10	0.0%
Rate T1	0.0%
Rate T2	-0.1%
Rate T3	0.0%

1. [EB-2021-0148](#), Exhibit B, Tab 2, Schedule 1, Appendix I, filed Oct. 15, 2021.
2. Bill impacts excluding federal carbon charges.

## Information for Union North Rate Zone Customers

Rate Class	Proposed Delivery Bill Impact (%) <sup>1,2</sup>
Rate 20	0.4%
Rate 25	0.6%
Rate 100	1.1%

1. [EB-2021-0148](#), Exhibit B, Tab 2, Schedule 1, Appendix I, filed Oct. 15, 2021.
2. Bill impacts excluding federal carbon charges.

Also, in accordance with the commitment made in the 2020 Rates Application ([EB-2019-0194](#)), Enbridge Gas is filing a progress report on implementation of ScottMadden recommendations on Unaccounted for Gas (UFG) with this application.

### Update on 2022 Rates Application (Phase 1)

On Oct. 28, 2021, the OEB approved the settlement proposal in the 2022 Rate Application (Phase 1) and the resulting rates on an interim basis effective Jan. 1, 2022.

Visit our website for full details of this filing ([EB-2021-0148](#)).

If you have any questions about this material, please contact [Rob DiMaria](#) or [Patrick Boyer](#).