

Information for Large Volume Union South Rate Zone Customers

July 30, 2020

Enbridge Gas Inc. Receives Ontario Energy Board Approval for 2020 Rates Application-Phase 2 effective Oct. 1, 2020

On May 14, 2020, the Ontario Energy Board (OEB) approved Phase 2 of Enbridge Gas' 2020 annual rate application ([EB-2019-0194](#)). Our 2020 rate application was separated into two phases to allow for timely review and adjudication. The first phase dealt with incentive rate-setting mechanism (IRM) rate adjustment items that are largely mechanistic and was approved on Dec. 5, 2019 and implemented in rates beginning Jan. 1, 2020. The second phase (discussed here) dealt with Incremental Capital Module (ICM) funding requests, cost allocation study, unaccounted for gas and e-billing and will be implemented in rates beginning Oct. 1, 2020.

The OEB made the following key determinations on Phase 2 issues of the proceeding:

1. Incremental Capital Module (ICM) Funding

The Don River Replacement Project and the Windsor Line Replacement Project are approved for ICM funding of \$30.1 million and \$82.9 million, respectively. The rates will be implemented effective Oct 1, 2020.

2. Cost Allocation Update

The methodology and implementation of Enbridge Gas' cost allocation will be examined as part of the 2024 rebasing proceeding.

3. Unaccounted for Gas (UFG) Report

The implementation of the UFG Report recommendations and other related matters will be examined as part of the 2024 rebasing proceeding.

4. E-billing

E-billing will be the default for new and moving customers. Consent is required for existing customers before moving to e-billing. There will be no penalty for remaining on, or going back to, paper billing for any customer.

In response to the COVID-19 emergency, Enbridge Gas is delaying the implementation of the ICM rate riders to Oct. 1, 2020 in conjunction with our Quarterly Rate Adjustment Mechanism application.

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

Rate Class	Delivery Bill Impact Range (%) ^{1,2}
Rate M4	1.5 to 2.0
Rate M5A	1.7 to 2.3
Rate M7	2.0 to 2.1
Rate M9	0.0
Rate M10	0.0
Rate T1	1.8 to 2.6
Rate T2	0.5 to 0.9
Rate T3	0.0

1. EB-2019-0194 Draft Rate Order, May 25, 2020, Exhibit B, Tab 2, Schedule 1, Appendix I.

2. Bill impacts excluding federal carbon charges.

Visit our website for full details of this filing ([EB-2019-0194](#)).

Enbridge Gas Files 2021 Distribution Rates Application

On June 30, 2020, Enbridge Gas Inc. applied to the Ontario Energy Board (OEB) for a change in its distribution rates (also known as delivery rates) effective Jan. 1, 2021 ([EB-2020-0095](#)). These rates have been set using the OEB-approved, five-year rate-setting framework for the period of 2019 to 2023.

Our 2021 rate application has been separated into two phases to allow for timely review and adjudication. Phase 1 of this application addresses 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 2 of this application will address matters related to Incremental



Capital Module (ICM) funding (including a Utility System Plan, an Asset Management Plan and a Customer Engagement Study).

A range of delivery bill impacts for typical contract rate customers in the Union South rate zone are shown below. These bill impacts exclude 2021 Incremental Capital Module (ICM) amounts that will be filed separately at a later date. Individual bill impacts will vary and depend upon a customer's use of natural gas.

Rate Class	Proposed Delivery Bill Impact Range (%)^{1,2}
Rate M4	3.5 to 5.5
Rate M5A	5.0 to 6.2
Rate M7	-2.2
Rate M9	3.6
Rate M10	1.5
Rate T1	0.4 to 0.6
Rate T2	-0.2 to 0.0
Rate T3	1.4

1. EB-2020-0095 Application and Evidence, June 30, 2020, Exhibit D, Tab 2, Rate Order, Working Papers, Schedule 4.

2. Bill impacts excluding federal carbon charges.

Visit our website for full details of this filing ([EB-2020-0095](#)).

Daily Scheduling of Balancing Transactions

At this time of year, there is a greater likelihood that the daily scheduling of balancing transactions may be interrupted. Storage levels are currently higher than average for this time of year. If interruptions of balancing transactions are necessary, customers will be notified during the scheduling process and will need to submit a revised nomination.

Interruptible balancing transactions are subject to the rules outlined in the [Priority of Service of Guideline](#). Two of the priority tiers apply specifically to Direct Purchase balancing transactions:

- Balancing (Direct Purchase) > 500 GJ/day, and
- Balancing (Direct Purchase) <= 500 GJ/day

If Enbridge Gas interrupts storage injections, it means incremental supply transactions may be interrupted as well. Customers would need to be prepared to reduce their incremental deliveries. However, Ex-Franchise Transfer (EFT) and suspensions would still be available to those that need them.

South bundled direct purchase customers are also reminded of the need to meet fall checkpoint and contract renewal balancing requirements. Customers do not need to wait until the balancing month(s) to begin to take action to address their balancing requirements.

If you have any questions about the material in this newsletter, please contact your account manager.