

DEFERRAL AND VARIANCE ACCOUNTS

1. As part of the Company's 2017 Cap and Trade Compliance Plan, Enbridge is proposing the use of two Cap and Trade related deferral accounts: the Greenhouse Gas Emissions Impact Deferral Account ("GGEIDA"), and the Greenhouse Gas Emissions Customer and Facility Costs Variance Account ("GGECFCVA").
2. The Board approved the Greenhouse Gas Emissions Impact Deferral Account ("GGEIDA") in Enbridge's Custom Incentive Regulation ("CIR") proceeding (EB-2012-0459). The account was approved in recognition of the potential for a government program to reduce greenhouse gas ("GHG") emissions. No costs related to any such program were included in the budgets used to set Allowed Revenues under Enbridge's CIR ratemaking model. The Board described the GGEIDA on page 70 of its Decision with Reasons in the CIR proceeding as follows:

[t]he GGEIDA would be used to record the impacts of provincial and federal regulations related to greenhouse gas emission requirements along with the impacts resulting from the sale of, or other dealings in, earned carbon dioxide offset credits.
3. Enbridge has and will continue to record administrative costs, incurred in relation to the implementation of the Cap and Trade program, in the 2016 GGEIDA, for clearance in 2017.
4. Given the development of Ontario's Cap and Trade program, Enbridge anticipates that it will incur additional administrative costs in 2017, with regards to program implementation, launch, and ongoing administration and compliance requirements. Enbridge proposes to continue to record incremental administrative costs incurred in 2017 in the 2017 GGEIDA. A forecast of these costs has been included in Exhibit C, Tab 3, Schedule 6, Table 2.

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5. Enbridge will seek cost recovery for the 2016 administrative costs in 2017 at the same time as it clears other 2016 deferral and variance accounts or as part of the August 2017 Cap and Trade Compliance Plan filing. Enbridge sees merit in clearing the 2016 GGEIDA at either time and looks for direction from the Board. Administrative costs incurred in 2017 will be recorded in the 2017 GGEIDA and the Company will seek recovery of same in 2018 as part of its 2017 deferral and variance account clearance application or as part of the Company's 2019 Compliance Plan filing in August of 2018.
6. In order to ensure that the Company neither over- or under-recovers its Customer-related obligation costs and Facility-related obligation costs, Enbridge proposes the establishment of a new variance account entitled the Greenhouse Gas Emissions Customer and Facility Costs Variance Account ("GGECFCVA"). This account will allow for recovery or credit of any difference between actual Customer and Facility-related obligation costs incurred in 2017, inclusive of financing charges currently estimated at ██████████ for 2017, and the actual amount which is recovered through rates, being the aggregate of the revenues from the Cap and Trade Unit Rates for Customer-related and Facility-related costs. Enbridge's systems will be able to apportion the amounts collected between Customer-related obligations and Facility-related obligations. Any variance recorded in the 2017 GGECFCVA will be sought for clearance as part of the Company's 2018 True-Up filing, or at the Board's discretion.
7. Simple interest will be calculated on the opening monthly balances of the GGEIDA and GGECFCVA using the Board Approved EB-2006-0117 interest rate methodology. Any interest due or payable in relation to the 2017 GGEIDA and GGECFCVA balances will be sought for clearance at the time that the Board considers the balance in the account, or at the Board's discretion.

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