

2016 GREENHOUSE GAS EMISSIONS IMPACT DEFERRAL ACCOUNT
REQUESTED FOR CLEARANCE OCTOBER 1, 2017

1. Under the *Climate Change Act* and Cap and Trade Regulation, Enbridge is required to acquire sufficient emission allowances related to greenhouse gas (“GHG”) emissions from its customers’ natural gas use and natural gas used in its own operations. The Greenhouse Gas Emission Impact Deferral Account (“GGEIDA”) was approved to record Enbridge’s costs arising from regulations related to GHG emission requirements, such as the Cap and Trade Program.
2. In order to ensure Enbridge was ready to implement Cap and Trade on January 1, 2017, the Company spent time and resources to ensure business readiness. Enbridge’s costs related to business and regulatory readiness include incremental resourcing requirements, billing system reconfigurations, customer communications, compliance plan development, procurement capability development and general as well as specific knowledge attainment. These costs were not included in the base amounts upon which Enbridge’s 2016 rates are determined. Enbridge’s costs for these activities have been recorded in the 2016 GGEIDA.
3. The 2016 GGEIDA which Enbridge seeks to clear in this proceeding has a balance of \$0.840 million (exclusive of interest). The amounts included in the 2016 GGEIDA are broken down as follows:

Cost Element	Actual Amount
IT billing system – revenue requirement	\$(99,500)
Staff Resources	\$533,321
Market Intelligence, and Consulting Support	\$268,199
Customer Education and Outreach	\$44,783
External Legal Counsel (Compliance Readiness and C&T Regulatory Proceeding Preparations)	\$93,533
Total	\$840,336

4. The above amounts do not include the actual total installed capital costs associated with the IT billing system of \$564,200 the majority of which was spent in 2016 with a small remainder spent in 2017. The IT billing system was put into service in late 2016 and the impact of the capital costs is appropriately being sought to be recovered through a revenue requirement calculation. The resulting revenue requirement for 2016 is a credit of \$99,500 (because of the impact of accelerated depreciation for tax purposes) – the revenue requirement for the IT billing system will be a debit amount in future years.
5. Enbridge notes that some services that were rendered in 2016 towards Cap and Trade readiness were not invoiced until early 2017. Those costs will be recorded in the 2017 GGEIDA.