

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Sched. B, as amended;

AND IN THE MATTER OF an application by Enbridge Gas Distribution Inc. for an order or orders related to its Renewable Natural Gas Enabling Program and Geothermal Energy Service Program;

AND IN THE MATTER OF an application by Enbridge Gas Distribution Inc. for an order or orders amending or varying the rates charged to customers for the sale, distribution, transmission, and storage of gas commencing as of January 1, 2018

APPLICATION

1. The Applicant, Enbridge Gas Distribution Inc. ("Enbridge" or the "Company"), is an Ontario corporation with its head office in the City of Toronto. It carries on the business of selling, distributing, transmitting and storing natural gas within Ontario.
2. Enbridge hereby applies to the Ontario Energy Board (the "OEB" or the "Board"), pursuant to section 36 of the *Ontario Energy Board Act, 1998* as amended (the "Act"), for an Order or Orders enabling the Company to commence the operation of its Renewable Natural Gas Enabling Program and Geothermal Energy Service Program.
3. The Company had originally presented its Renewable Natural Gas Enabling Program and Geothermal Energy Service Program proposals as part of its evidence in its 2018 Rate Adjustment Application (EB-2017-0086) which was submitted to the Board on September 25, 2017. On October 16, 2017, the Board notified Enbridge that it wished to separate the Company's Renewable Natural Gas Enabling Program and Geothermal Energy Service Program proposals from the 2018 Rate Adjustment Application and directed the Company to submit these proposals as a separate application under the Docket Number EB-2017-0319.

4. Based on the *Climate Change Mitigation and Low-carbon Economy Act, 2016* (“Climate Change Act”), the Natural Gas Utilities are under a legal obligation to account for their emissions (including the emissions of most of their customers) through the Cap and Trade program. The Natural Gas Utilities are statutorily mandated to procure allowances and offsets and abate emissions as part of regular business operations.
5. The responsibilities of the Natural Gas Utilities are further detailed in the OEB’s Regulatory Framework for the Assessment of Costs of Natural Gas Utilities’ Cap and Trade Activities (the “Framework”) which outlines ways in which the OEB has identified the Natural Gas Utilities may meet their Cap and Trade obligations. These include: financial instruments (e.g. allowances, offsets), customer abatement (e.g. renewable natural gas (“RNG”), energy efficiency, fuel switching, new and evolving technologies), and facilities abatement (e.g. leak repairs, capital upgrades). Cap and Trade activities are now part of the Natural Gas Utilities’ regulated operations.
6. In the Framework, the Board states that in its evaluation of the cost consequences of the Utilities’ Compliance Plans it will consider whether the utility has;
 - a. “engaged in strategic decision-making and risk mitigation,”
 - b. “considered a diversity (portfolio) of compliance options” and
 - c. “selected GHG abatement activities and investments that, to the extent possible, align with other broad investment requirements and priorities of the Utility in order to extract the maximum value from the activity or investment.”¹
7. Given that the applicable costs of a utility meeting its carbon obligations are included in the distribution costs of customers’ bills, the Natural Gas Utilities have a responsibility to manage carbon related costs where possible, as part of their efforts in providing cost effective service. This will become increasingly important as the cost of carbon inevitably increases because of the deliberate manner in which the Cap and Trade program has been

¹ Ontario Energy Board: Regulatory Framework for the Assessment of Costs of Natural Gas Utilities’ Cap and Trade Activities (EB-2015-0363); September 26, 2016, page 21.

structured. With the increasing cost of carbon and the increasing recognition of the value of avoiding GHG emissions, over time the attractiveness of GHG abating activities will become ever more significant.

8. Enbridge has developed two new abatement programs that will contribute to reducing customer GHG emissions. The Renewable Natural Gas Enabling Program is intended to allow Enbridge to provide upgrading and injection services for RNG producers, in an effort to increase the supply and availability of low-carbon RNG in Ontario. The Geothermal Energy Service Program is intended to allow Enbridge to own and maintain geothermal loops to encourage homeowners to choose and use geothermal energy systems for their home heating and cooling requirements as an alternative to natural gas and other fossil fuels.
9. By this application, Enbridge applies to the Board for such final and interim Orders as may be necessary to approve the cost consequences of the Company's Renewable Natural Gas Enabling Program and Geothermal Energy Service Program proposals. This includes approval of the service fees associated with each Program, and approval of including the annual sufficiency/deficiency of the Programs within Cap and Trade Compliance Obligation Variance Accounts.
10. The Company further applies to the Board pursuant to the provisions of the Act and the Board's Rules of Practice and Procedure for such final and interim Orders and directions as may be necessary in relation to the Application and the proper conduct of this proceeding.
11. The persons affected by this Application are the customers of Enbridge. It is impractical to set out the names and addresses of the customers because they are too numerous.
12. Enbridge requests that a copy of all documents filed with the Board by each party to this proceeding be served on the Applicant and the Applicant's counsel as follows:

