

Information for Energy Marketers

Nov. 29, 2022

2021 Deferral and Variance Account Clearing Bill Adjustments

Enbridge Gas recently received approval from the Ontario Energy Board (OEB) to dispose of amounts recorded in certain 2021 deferral and variance accounts and for the amount of its 2021 earnings that it is required to share with customers ([EB-2022-0110](#)). The 2021 deferral account application excludes the 2021 Federal Carbon Pricing Program (FCPP) related deferral and variance accounts as well as the 2021 Demand Side Management (DSM) deferral and variance accounts for which Enbridge Gas has separate applications.

This account clearing will result in a one-time adjustment being applied to the January 2023 bills of all customers.

What are Deferral and Variance Accounts?

Deferral and variance accounts are used to capture certain differences between Enbridge Gas' forecast amounts approved for collection through rates and actual revenues and costs collected or incurred. The differences are either refunded or collected from customers, upon approval by the OEB, and are specifically allocated to each rate class.

How to Estimate the 2021 Delivery Adjustment

You can estimate your customers' 2021 delivery adjustment by multiplying the rate adjustment that applies to their service (shown below) by the actual volume of natural gas they consumed in 2021.

EGD Rate Zone Customers

Unit Rate for 2021 Delivery Adjustment (cents/m ³)				
Rate Class	System Gas	Ontario T-Service	Dawn T-Service	Western T-Service
Rate 100	0.0679	0.1169	0.1169	0.0000
Rate 110	0.0211	0.0701	0.0701	0.0211
Rate 115	0.0128	0.0618	0.0618	0.0000
Rate 135	0.0124	0.0000	0.0614	0.0124
Rate 145	0.0000	0.0000	0.0740	0.0000
Rate 170	0.0202	0.0692	0.0692	0.0000

Rate Class	CD Unit Rate for 2021 Delivery Adjustment (cents/m ³)
Rate 125	(0.3396)
Rate 300	(1.6042)

Union North Rate Zone Customers

Rate Class	Unit Rate for 2021 Delivery Adjustment (cents/m ³)
Rate 20	(0.0129)
Rate 100	(0.0173)
Rate 25	(0.0208)

Union South Rate Zone Customers

Rate Class	Unit Rate for 2021 Delivery Adjustment (cents/m ³)
Rate M4	0.0792
Rate M5A	(0.1406)
Rate M7	0.1187
Rate M9	0.1297
Rate M10	(0.0590)
Rate T1	0.0394
Rate T2	0.0619
Rate T3	0.1230

How to Estimate the 2021 Gas Supply Transportation Adjustment

You can estimate your customers' 2021 gas supply transportation adjustment by multiplying the rate adjustment that applies to their service (shown in the table below) by:

Rate 20 - their 2021 annualized firm contract demand.

Rate 25 - their actual volumes of natural gas consumed in 2021.

Union North Rate Zone Customers

Rate Class	Unit Rate for 2021 Gas Supply Transportation Adjustment
North West	
Rate 20	(4.9741) cents/m ³ /d
Rate 25	0.1769 cents/m ³
North East	
Rate 20	(0.9086) cents/m ³ /d
Rate 25	(0.0386) cents/m ³

How to Estimate the 2021 Gas Supply Commodity Adjustment

Customers who purchase their natural gas from Enbridge Gas can estimate their 2021 gas supply commodity adjustment by multiplying the rate adjustment that applies to their service (shown below) by the actual volume of natural gas they consumed in 2021.

Union South Rate Zone Customers

Rate Class	Unit Rate for 2021 Gas Supply Commodity Adjustment (cents/m ³)
Rate M4	0.3412
Rate M5A	0.3412
Rate M7	0.3412
Rate M9	0.3412
Rate M10	0.3412

Full details of this filing ([EB-2022-0110](#)) can be found on our website.

Enbridge Gas files 2024 Rebasing Application

On Oct. 31, 2022, Enbridge Gas filed an application with the Ontario Energy Board (OEB) to initiate a regulatory process called rebasing, to determine fair and reasonable regulated distribution, transmission and storage rates that Enbridge Gas will charge customers in 2024 to recover the basic costs of serving our customers safely and reliably ([EB-2022-0200](#)). Enbridge Gas will file the balance of its evidence addressing cost allocation and rate design on Nov. 30, 2022. If approved, the proposed rates will go into effect on Jan. 1, 2024.

In addition, Enbridge Gas is proposing a Price Cap Incentive Rate-Setting (Price Cap IR) mechanism which applies a formula that includes items such as inflation, to determine the rates we will charge customers for the following four years - from 2025 to 2028 (IR term). This incentive rate-setting mechanism is very similar to the one used to set the utility's rates from 2019 to 2023.

Customers are at the heart of our application. We undertook extensive engagement with customers, talking to more than 12,000 of them in 2021 and early 2022. Customers told us they care most about energy affordability, reliability, and minimizing environmental impacts. Reflecting what customers told us is most important to them, the proposed rates in this application will support a system that can continue to meet their needs safely and reliably in a cost-effective way, while at the same time helping them prudently prepare for the energy transition that is underway in the communities where they live, driven by existing and planned federal and provincial policies.

Our application is focused on delivering value to customers in four ways:

Affordability

As a result of the integration of Union Gas and Enbridge Gas Distribution in 2019, Enbridge Gas is delivering significant benefits to our customers. Combined with productivity savings, customers will benefit from more than \$120 million in sustained annual savings. This is offsetting the rising costs of operating our business and moderates the rate increases we believe are necessary to continue delivering safe and reliable service to our customers in 2024 and during the IR term.

Reliability

Our application includes prudent long-term capital investment plans to ensure continued safe, reliable, cost-effective operations while also minimizing environmental impacts.

Minimizing environmental impact

Our application includes our first Energy Transition Plan which lays out how we are proposing to balance customers' needs for continued access to a secure, cost-effective supply of energy with actions that support Ontario's near-term greenhouse gas (GHG) reduction goals. In addition, our long-term asset management plan reflects the OEB's Integrated Resource Planning (IRP) framework, a process that evaluates alternative ways to meet the demand for natural gas such as reducing gas use through conservation, to avoid or reduce the need to build new pipelines.

The application also proposes adjustments to the company's capital structure to address uncertainty in the future demand for natural gas.

Simplification and harmonization of rates and services

Enbridge Gas proposes to align and simplify our rates and customer services, and to phase in these changes to allow time to implement system changes and inform customers.

Enbridge Gas proposes to harmonize its rate zones (EGD, Union North and Union South) into one rate zone and establish new harmonized rate classes to be implemented for general service customers on April 1, 2025 and for contract rate customers on April 1, 2026.

Harmonizing rate zones and rate classes will allow Enbridge Gas to align, simplify and enhance rates and services to meet customer needs. It will give Enbridge Gas the ability to treat customers across Ontario similarly by applying the same rates for the same service to customers in the same rate class, regardless of where they are located.

Full details of this filing ([EB-2022-0200](#)) can be found on our website.



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