

September 16, 2021

VIA RESS

Ms. Christine E. Long
Registrar
ONTARIO ENERGY BOARD
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, Ontario
M4P 1E4

Ian A. Mondrow
Direct: 416-369-4670
ian.mondrow@gowlingwlg.com

Assistant: Cathy Galler
Direct: 416-369-4570
cathy.galler@gowlingwlg.com

Dear Ms. Long:

Re: EB-2021-0219: Enbridge Gas Inc. (EGI) October 1, 2021 QRAM Application.

Industrial Gas Users Association (IGUA) Comments.

We write as legal counsel to IGUA.

IGUA's Position on Proposed Rate Adjustments

IGUA's advisors, Jupiter Energy Advisors Inc. (Jupiter) have reviewed EGI's Application for quarterly adjustment of rates (QRAM) for all of the legacy rate zones of Enbridge Gas Distribution and Union Gas Limited, such adjustment to be effective October 1, 2021. Based upon Jupiter's advice, IGUA is satisfied that EGI has properly followed the QRAM methodology approved by the OEB's EB-2008-0106 Decision.

Jupiter has also reviewed EGI's implementation with this QRAM of; i) the approved unit rates resulting from the OEB's decision on EGI's 2019 earnings sharing and deferral account disposition application [EB-2020-0134]; and ii) the approved unit rates for clearing DSM deferral and variance accounts resulting from the OEB's decision on EGI's 2019 DSM balances clearance application [EB-2021-0072]. Based on Jupiter's advice, IGUA is satisfied that EGI has appropriately implemented these adjustments.

In respect of EGI's rate mitigation proposal, we note EGI's statement [ExA/T2/S2/page 5/para.15]:

Including the PGVA credit amounts in the PGVA account balances allows Enbridge Gas to use the forecast for gas costs in the derivation of the commodity rate. This allows the rate to reflect market prices in customers' rates and is consistent with the OEB's findings in the QRAM Review:

The QRAM is intended to strike a balance between ensuring that consumers are receiving appropriate price signals which reflect the actual natural gas market price,

and protecting the interests of system supply customers by reducing, to some extent, volatility in the price of natural gas.

We assume, **and would ask EGI to confirm**, that the mechanism proposed is to allow the commodity cost reflected on customer bills to increase to the level dictated by use of the QRAM prescribed forecast, but adding a component to the commodity rate riders to reflect the PGVA credit which, to some extent, offsets the bill increase resulting from the gas price forecast and thus mitigates customer impacts. We agree that this mechanism retains a market reflective commodity price on customer bills, and thus avoids the issue which we raised in respect of EGI's mitigation plan for its October 2020 QRAM [EB-2020-0195]. In that earlier QRAM we raised concerns with EGI's use of a forecast taken prior to the prescribed date for QRAM price forecasts (and thus, in our submission, out of date) and which was no longer reflective of market prices. EGI's proposed approach to mitigation in this QRAM avoids that issue.

EGI further states in its evidence in the current application [ExA/T2/S2/page 5/para.16]:

The PGVA credit amounts in the current application provides a smoothing of bill increases for customers over a longer period of time and reduces potential balances that would otherwise accumulate in deferral and variance accounts for future disposition without any price increase at October 1, 2021.

We assume, **and would ask EGI to confirm**, that this passage refers to the net result of using the prescribed gas cost forecast and the PGVA credit which is to allow customer bills to increase in part at this time, and further when in the January, 2022 QRAM EGI proposes to debit the PGVA to reverse the PGVA credit currently proposed. That is, the gas cost increase is, in the result and through the proposed current credit/later debit mechanism, effectively phased in through two tranches.

IGUA would also appreciate **confirmation from EGI** that it is proposing that each of the currently proposed PGVA credit and the anticipated January PGVA debit components of the EGD Gas Cost Adjustment Rider and the Union Price Adjustment-Commodity and Fuel would expire 12 months following their respective implementation (i.e. October, 2022 for the currently proposed credit and January, 2023 for the anticipated debit).

Finally in respect of the rate mitigation proposal in this QRAM, it is our understanding that EGI is currently seeking approval only for the currently proposed PGVA credit and associated proposed 12 month period (we have assumed) disposition period of that credit. The appropriate recovery period for the offsetting PGVA debit that will be proposed by EGI in its January QRAM application is properly considered at that time based on updated gas price forecast expectations. EGI may wish to address the appropriate recovery period for the January, 2022 PGVA debit (12 months or otherwise, to properly reflect market price dynamics) based on then current information at the time that its' January, 2022 QRAM application is filed.

Costs

Pursuant to the Board's *Practice Direction on Cost Awards*, IGUA is eligible to apply for a cost award as a party primarily representing the direct interests of ratepayers in relation to regulated gas services. IGUA requests that the Board award it costs reasonably incurred in review of EGI's QRAM.

IGUA has, in the past, been consistently awarded modest costs for review of QRAM applications. IGUA respectfully submits that the Board, in making such awards, has recognized some value (commensurate with modest costs) in the independent and informed review of such applications.

IGUA continues to be mindful of the need for efficiency in its regulatory interventions, in particular in respect of what relatively non-contentious matters such as is normally the case with QRAM applications. For QRAM reviews, IGUA has retained Jupiter, whose professionals are expert in Ontario gas commercial and regulatory matters, including rate matters in particular. Jupiter conducts a review of the QRAM application as filed, and provides a report to IGUA. Following receipt and review of Jupiter's report, IGUA is either in a position to advise the Board of any concerns or that, as in this instance, it has no cause for objection.

IGUA submits that it has acted responsibly with a view to informing the Board's review and decision on this Application, while maintaining due attention to cost efficiency. On this basis, IGUA is requesting recovery of its costs for participation in this process.

Yours truly,



Ian A. Mondrow

- c. Dr. Shahrzad Rahbar (IGUA)
Richard Wathy (EGI)
Tania Persad (EGI)
Valerie Young (Jupiter)
Intervenors of Record (EB-2019-0194; EB-2020-0095; EB-2020-0181)