
OEB issues interim order for Enbridge Gas Inc.'s 2024 rates

Today, the Ontario Energy Board (OEB) issued an [interim rate order](#) setting out the rates to be charged by Enbridge Gas Inc. (Enbridge) for the distribution, transmission and storage of natural gas effective January 1, 2024. The updated 2024 rates will be implemented on May 1, 2024. The interim rate order implements the OEB's findings in its [December 21, 2023 Decision and Order](#) on Phase 1 of Enbridge's rate application.

The 2024 bill impacts vary by rate zone and rate class. Although the OEB approved a rate increase for Enbridge, the increase is offset by the clearance of deferral and variance accounts having the net effect of a bill reduction for a typical residential service customer.

For a typical residential service customer, the approved interim rate changes would have resulted in an annual bill increase for 2024 of:

- \$22.18 (or 1.8% of total bill) for the Enbridge Gas Distribution (EGD) rate zone
- \$32.97 (or 2.5% of total bill) for the Union North rate zone
- \$22.33 (or 2.1% of total bill) for the Union South rate zone

However, these residential bill impacts will be offset by the approved clearance of deferral and variance accounts by way of a rate rider effective May 1, 2024, for a period of eight months. The 2024 annual bill impact for the clearance of the deferral and variance accounts for a typical residential service customer is a credit (refund) of:

- \$38.37 (or 3.1% of total bill) for the EGD rate zone
- \$42.25 (or 3.2% of total bill) for the Union North rate zone
- \$35.01 (or 3.3% of total bill) for the Union South rate zone

Phase 2 of Enbridge's rate application, which includes a proposal for an incentive rate-making mechanism for the years 2025 to 2028, will be heard starting later in 2024.

The rates approved in today's rate order are approved on an interim basis: They may be adjusted to reflect the determinations made in Phase 2 of the proceeding.

REGULATORY TERMS

The following is a list of some of the commonly used regulatory terms that appear in this Background, along with a plain language description for each.

Deferral and variance accounts (DVAs) are commonly used regulatory tools that allow a utility an opportunity to address costs that were unknown or uncertain when its rates were set.

A deferral account tracks the cost of a project or program which the utility could not forecast when its current rates were set. When the costs are known, the utility can request OEB approval to recover the costs in future rates.

A variance account tracks the difference between the forecast cost of a project or program, which has been included in rates, and the actual cost. If the actual cost is lower or higher, then the utility can request OEB approval to return the difference to customers as a credit or to recover the difference through rates.

Incentive regulation (also referred to as an Incentive Regulation Mechanism or “IRM”) is a method of setting rates that encourages utilities to become more efficient in ways that will benefit their customers through better service and lower rate increases. The shareholders of the utilities also have the opportunity to benefit from higher earnings through efficiency improvements.

Utilities typically file a cost-based application with the OEB to reset their rates every five years based on an in-depth review of their costs to serve their customers and to invest in and maintain their systems. This is also referred to as “rebasings”.

In each year between cost-based applications, the utility's rates are typically adjusted through a pre-approved mechanism.

A **Rate Order** is issued by the OEB at the conclusion of a rates proceeding. It sets out the OEB-approved rates that a utility can charge its customers in a “Rate Handbook”.

About the OEB

The OEB is the independent regulator of Ontario’s electricity and natural gas sectors. It protects the interests of consumers and supports the collective advancement of the people of Ontario. Its goal is to deliver public value through prudent regulation and independent adjudicative decision-making which contributes to Ontario’s economic, social and environmental development.

Contact Us

Media Inquiries

Phone: 416-544-5171

Email: oebmedia@oeb.ca

Consumer Inquiries

416-314-2455/1-877-632-2727

Ce document est aussi disponible en français.

This Backgrounder was prepared by OEB staff to inform Ontario’s energy consumers about the OEB’s decision and is not for use in legal or regulatory proceedings. It is not part of the OEB’s reasons for decision; those may be found in the Decision and Order issued today, which is the official OEB document.