
Voluntary Renewable Natural Gas Program Application

DECISION

On September 24, 2020 the Ontario Energy Board (OEB) issued a Decision and Order approving Enbridge Gas Inc.'s (Enbridge) application to offer a Voluntary Renewable Natural Gas Program (RNG Program), on a pilot or test basis. Residential and small business customers that take part in the RNG Program will pay a charge of \$2 per month, which will be shown separately on their bills. The RNG Program is expected to start in January 2021, and can continue only as a pilot project until the OEB issues a further decision on the RNG Program, either as part of Enbridge's next major rate application or in response to a stand-alone application filed by Enbridge.

The OEB noted that renewable natural gas (RNG) is a renewable energy source that reduces greenhouse gas (GHG) emissions relative to conventional natural gas, and should be explored as a means of diversifying the gas supply portfolio. RNG is a higher cost alternative to conventional natural gas, and the OEB decided that exploring the addition of RNG is best done on a voluntary and pilot basis. The learnings from the pilot would lead to a better understanding of RNG options and provide information to assess future RNG program proposals.

The \$2 monthly charge for customers that participate in the RNG Program will be used to fund the higher cost to Enbridge of obtaining RNG rather than conventional natural gas. The cost of operating the RNG Program will be managed within Enbridge's existing budgets until Enbridge files its next major rate application that is expected to be effective starting in 2024.

BACKGROUND

Renewable natural gas is a renewable fuel that can be used to replace conventional natural gas (a fossil fuel). RNG is also referred to as biomethane.

In November 2018, the Government of Ontario introduced its Made-in-Ontario Environment Plan. That Plan identified actions that the government intends to take to achieve its GHG emissions reduction goals, including increasing access to renewable energy. It also indicated the government's intent to require natural gas utilities to implement a voluntary RNG option.

At the federal level, the *Greenhouse Gas Pollution Pricing Act* provides for a federal carbon pricing program that currently applies in Ontario. Among other things, that *Act* requires that natural gas utilities like Enbridge pay a carbon charge to the federal government for natural gas delivered to non-exempt customers. However, the federal carbon charge does not apply to RNG. The federal government is also developing a Clean Fuel Standard, which is expected to require fossil fuel producers, importers and distributors to reduce the carbon intensity of the fuels used in Canada. Starting in January 2023, the Clean Fuel Standard would impose a compliance obligation on natural gas utilities, including Enbridge. It is expected that this compliance obligation could partially be met through the blending of low carbon intensity fuels with natural gas. As a result, Enbridge may be required to procure RNG as part of its supply portfolio should the Clean Fuel Standard take effect.

FOR MORE INFORMATION

For additional information, please consult the OEB's [Decision & Order](#)

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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, which is the official OEB document.

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