

June 25, 2024

Natural gas prices are changing

The Ontario Energy Board (OEB) has approved new natural gas prices for EPCOR Natural Gas Limited Partnership's (EPCOR) customers in its Aylmer and South Bruce service areas to take effect July 1, 2024.¹

REASONS FOR CHANGES TO NATURAL GAS BILLS

Quarterly Rate Adjustment Mechanism (QRAM)

The market price of natural gas is increasing due to declines in production in response to low natural gas prices earlier in 2024. This is the principal factor contributing to the change in natural gas prices approved for EPCOR's QRAMs for the July 1 to September 30 period.

Total Annual Bill Impact

As noted in Table 1, the total annual bill impact* for residential customers using a typical amount of natural gas in each service area will be:

The QRAM is the process by which the OEB adjusts the prices that natural gas customers pay for the natural gas that they use and to reflect changes in natural gas market prices.

These price changes are approved to take effect on the 1st of the month in January, April, July, and October each year.

The OEB does not allow natural gas distributors to earn a profit on the sale of natural gas, regardless of market fluctuations in price.

Other Rate Changes

The OEB also sets rates that natural gas distributors can charge for the delivery and storage of natural gas.

Any changes to those rates that are approved by the OEB between QRAM decisions typically also take effect on the first day of the next calendar quarter.

Table 1

Service Area and Typical Annual Usage for a Residential Customer	EPCOR Aylmer 1,780 m ³	EPCOR South Bruce 2,149 m ³
Total Annual Bill – Current	\$1,066.43	\$1,667.00
– Beginning July 1, 2024	\$1,100.79	\$1,701.38
Total Annual Bill Impact	\$34.36	\$34.39
Percentage Change	3.2%	2.1%

*Bill impacts will vary depending on how much natural gas individual customers use. Natural gas use is generally lowest during the summer months.

¹ The natural gas prices for EPCOR's South Bruce service area for the April 2024 QRAM were approved on an interim basis to allow for further consideration of certain errors that EPCOR identified in its April 2024 QRAM application. Those errors were subsequently reviewed in a proceeding on the OEB's own motion (EB-2024-0124), and EPCOR's natural gas prices were made final at that time.

Other Rate Changes

There are no other rate changes affecting natural gas customer bills on July 1, 2024.

About the QRAM

Natural gas is a commodity that is bought and sold on North American energy markets. At any given time, its price fluctuates based on a variety of factors including supply and demand, seasonal changes, levels of stored natural gas, and major weather events. EPCOR updates its forecast of market prices every three months and uses that forecast to seek the OEB's approval of its proposed changes to natural gas commodity prices. These proposed changes cover:

- **Future costs:** This is based on a forecast of market prices for natural gas over the next 12-month period.
- **Past costs:** This is based on the difference between what the utility previously forecast that their customers would pay and what their customers actually paid. This kind of adjustment is needed because the gas prices charged to customers are based on forecasts, which are never 100% accurate. The adjustment for past costs can increase or lower the rate accordingly. For example, if a utility collected more from customers than it paid for gas in the past, the difference is credited back to customers through a lower rate. Likewise, if not enough was collected by the utility, the rate will be higher.

The OEB does not allow natural gas distributors to earn a profit on the sale of gas, regardless of market fluctuations in price.

Resources to Support Natural Gas Customers

Low-income Energy Assistance Program (LEAP)

This program provides a grant towards a customer's electricity and/or natural gas bill if they're behind on their bill payments and may face having their service shut off. It is for emergency situations. See [OEB.ca/BillHelp](https://www.oeb.ca/BillHelp)

Rules for low-income customers

Electricity utilities, natural gas utilities and unit sub-metering providers follow customer service rules specific to low-income customers. These include waiving security deposits and allowing longer payment times under arrears payment plans. See [OEB.ca/BillHelp](https://www.oeb.ca/BillHelp)

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.

Independence in the hearing and determination of matters is a key element of the OEB's mandate, established through legislative structures, the Memorandum of Understanding between the Minister of Energy and the Chair of the OEB, and by-laws that set out clear lines of communication between government and the OEB. Commissioner panels hear and determine matters independently, with legislative protections and other instruments to ensure decisions are free from interference by the Chief Executive Officer, the Board of Directors and government. This also includes the Chief Commissioner when not assigned to the specific case.

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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 Rate Orders issued today, which are the official OEB documents.