

December 18, 2020

Ontario natural gas bills are changing

Natural gas customers of Enbridge Gas Inc. (Enbridge)* and EPCOR Natural Gas Limited Partnership (EPCOR) across Ontario will see changes on their bills beginning January 1, 2021.

The changes relate in part to the quarterly adjustment for the market price of the natural gas commodity – known as the Quarterly Rate Adjustment Mechanism (QRAM) for customers of Enbridge (including the rate zones of both the former Enbridge Gas Distribution Inc. (EGD) and Union Gas Limited) and EPCOR. The Ontario Energy Board (OEB) does not allow utilities to earn a profit on the sale of gas. They must pass through the price they pay to buy natural gas on the open market to their customers with no markup. Other factors contributing to the January 1, 2021 bill changes are described below.

Beginning January 1, 2021, the total annual bill impact for residential customers using the typical** amount of natural gas will be:

	EGD	Union South	Union North East	Union North West	EPCOR Aylmer	EPCOR Southern Bruce
Total QRAM and other rate changes *** (A)	\$16.59	\$21.75	\$24.73	\$70.02	\$3.68	\$20.51
Temporary Rate Adjustments (B)	-\$21.72	-\$14.01	-\$13.46	-\$13.46	-\$9.36	-
Total Annual Bill Impact (A+B)	-\$5.13	\$7.74	\$11.27	\$56.56	-\$5.68	\$20.51
	-0.5%	0.9%	1.1%	5.7%	-0.8%	1.6%

*** See “Reasons for Rate Changes” below

The bill impact for individual customers will vary depending on how much natural gas they use.

About the QRAM

Natural gas is a commodity traded on North American markets. Market prices rise and fall based on current supply and demand. Major weather events can also affect the market price.

Every three months, natural gas utilities ask the OEB to adjust their commodity rates to cover:

- **Future costs.** Utilities estimate the market price for natural gas over the next 12-month period.
- **Past costs.** Utilities also track the difference between actual and forecast commodity prices. This “true up” may be called the *Gas Price Adjustment* or *Cost Adjustment* on the bill. It 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.

Because forecasting is done in advance of when utilities actually purchase natural gas, it is never exact. Utilities apply to the OEB for adjustments to be made to their commodity rates so that rates track more closely with market prices.

Reasons for Rate Changes

The changes associated with the price of the natural gas commodity (the QRAM) are caused by upward pressure on North American natural gas prices associated with a forecast decrease in natural gas production in the winter of 2021.

The Canadian Energy Regulator has approved changes in transmission tolls that will decrease transmission charges for customers in the Union North West rate zone and increase those charges for customers in the three other Enbridge rate zones as well as and for EPCOR Aylmer customers.

The total annual bill impact also includes the implementation of 2021 distribution rates for all of the Enbridge rate zones (EB-2020-0095) and for EPCOR Southern Bruce (EB-2020-0233) that were previously approved by the OEB.

For the Enbridge rate zones, the total annual bill impact is also affected by the expiry of a temporary rate adjustment related to the disposition of 2019 Federal Carbon Pricing Program deferral account**** balances. For EPCOR Aylmer customers, the total annual bill impact is also affected by the expiry of a temporary rate adjustment related to the disposition of other deferral account balances.

Notes

* EGD and Union Gas Limited amalgamated effective January 1, 2019 to become Enbridge Gas Inc. Enbridge Gas Inc. is maintaining the pre-existing rates zones of both of the former companies (i.e., the EGD, Union North West, Union North East and Union South rate zones).

** Annual Usage for a Typical Residential Customer

Customer Location	Annual Usage for a Typical Residential Customer
Enbridge EGD rate zone	2,400 m ³
Enbridge Union South, Union North East and Union North West rate zones	2,200 m ³
EPCOR Aylmer	1,780 m ³
EPCOR Southern Bruce	2,149 m ³

**** Deferral accounts track the cost of a project or program which the utility could not forecast when the rates were set. When the costs are known, the utility can then request OEB approval to recover the costs in rates. Variance accounts track 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.

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