

December 22, 2022

Market Prices for Natural Gas are Decreasing

A number of programs are available in Ontario to help low-income energy consumers.

The Ontario Energy Board (OEB) has approved new natural gas prices for Enbridge Gas Inc. (Enbridge) to take effect January 1, 2023.

REASONS FOR CHANGES TO NATURAL GAS BILLS

QRAM

Several factors give rise to the change in natural gas prices approved for Enbridge's QRAM for the January 1 to March 31 period including:

- Warmer than normal weather in the early winter period
- An increase in North American natural gas production
- Natural gas storage inventories are approaching the 5-year average
- A decline in North American Liquid Natural Gas exports¹

Total Annual Bill Impact

As noted in Table 1, beginning January 1, 2023, the total annual bill impact* for residential customers using a typical amount of natural gas in each rate zone will be:

Table 1

Rate Zone and Typical Annual Usage for a Residential Customer	Enbridge Gas Distribution 2,400 m ³	Union South 2,200 m ³	Union North East 2,200 m ³	Union North West 2,200 m ³
Total Annual Bill – Current	\$1,591.81	\$1,438.92	\$1,736.79	\$1,545.67
– Beginning January 1, 2023	\$1,477.88	\$1,384.54	\$1,675.95	\$1,385.34
Total Annual Bill Impact	-\$113.92	-\$54.38	-\$60.84	-\$160.33
Percentage Change	-7.2%	-3.8%	-3.5%	-10.4%

The Quarterly Rate Adjustment Mechanism (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 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 utilities can charge for the delivery and storage of natural gas.

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

¹ <https://www.eia.gov/outlooks/steo/>

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

Other Rate Changes

Other changes taking effect on January 1, 2023 and included in Table 1 above are rate changes and temporary rate adjustments previously approved by the OEB in:

- **Enbridge's application for 2023 rates**²
The bill impacts include the implementation of new distribution rates for 2023 as approved by the OEB, which are an increase in the range of \$20.97 to \$36.99 annually depending on the rate zone.
- **Enbridge's application for approval of the disposition of its 2021 Deferral and Variance Accounts and for review of its 2021 Earnings Sharing amount**³
These temporary rate adjustments are credits or costs that have been approved for refund or recovery from customers on a one-time basis. The adjustments range between a credit of \$18 and a charge of \$9 depending on the rate zone.

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. Enbridge 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 exact. This may be called the Gas Price Adjustment or Cost Adjustment on your 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.

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

Programs 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 and may face having their service shut off. It is for emergency situations. See [OEB.ca/BillHelp](https://www.oeb.ca/BillHelp)

² [EB-2022-0133](#)

³ [EB-2022-0110](#)



- **Rules to protect low-income customers**
Electricity utilities, unit sub-meter providers and rate-regulated natural gas utilities 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
- **Enbridge** – To help Enbridge consumers save energy and lower their natural gas bill, Enbridge offers rebates for energy-efficiency upgrades and free upgrades for income-qualified homes.
 - [Residential](#)
 - [Business](#)

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.

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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 the decision; those may be found in the Decision and Order issued today, which is the official OEB document.

Ce document est aussi disponible en français.

