

September 22, 2022

## Market Prices for Natural Gas Continue to Rise

*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 EPCOR Natural Gas Limited Partnership's (EPCOR) customers in its Aylmer and South Bruce service areas to take effect October 1, 2022.

### REASONS FOR CHANGES TO NATURAL GAS BILLS

#### QRAM

Several factors give rise to the change in natural gas prices approved for EPCOR's QRAMs for the October 1 to December 31 period (October QRAM).

- Natural gas prices remain high because of sustained global demand for North American liquefied natural gas and uncertainty in the global energy landscape.

According to the U.S. Energy Information Administration (EIA)<sup>1</sup>:

- U.S. natural gas inventories are still more than 11% below the 5-year average.
- U.S. domestic demand remains strong, driven by consumption of natural gas for power generation in the U.S. due to higher-than-normal summer temperatures, and continued high global demand for U.S. liquefied natural gas.

#### Other Rate Changes

There are no other rate changes affecting natural gas customer bills on October 1, 2022.

#### Total Annual Bill Impact

As noted in Table 1, beginning October 1, 2022, the total annual bill impact\* for residential customers using a typical amount of natural gas will be:

**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 1<sup>st</sup> of the month in January, April, July, and October each year.

The OEB does not allow utilities 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.

<sup>1</sup> <https://www.eia.gov/outlooks/steo/report/natgas.php>

Table 1

Rate Zone and Typical Annual Usage for a Residential Customer	EPCOR Aylmer 1,780 m <sup>3</sup>	EPCOR South Bruce 2,149 m <sup>3</sup>
Total Annual Bill – Current	\$1,157.52	\$1,939.94
– Beginning October 1, 2022	\$1,222.32	\$1,946.81
<b>Total Annual Bill Impact</b>	<b>\$64.80</b>	<b>\$6.87</b>
<b>Percentage Change</b>	<b>5.6%</b>	<b>0.4%</b>

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

## 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 exact. The adjustment 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 utilities to earn a profit on the sale of natural gas.

## PROGRAMS TO SUPPORT NATURAL GAS CUSTOMERS

A number of programs are available to support energy consumers.

- **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)
- **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](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.



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*This Backgrounder was prepared by OEB staff to inform Ontario's energy consumers about the OEB's decisions 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 Orders issued today, which are the official OEB documents.*

*Ce document est aussi disponible en français.*

