

March 21, 2024

Natural gas prices are decreasing

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 Bruce¹ service areas to take effect April 1, 2024.

REASONS FOR CHANGES TO NATURAL GAS BILLS

Quarterly Rate Adjustment Mechanism (QRAM)

The reduction in natural gas prices approved for EPCOR's QRAM for the April 1 to June 30 period largely results from a decrease in the market price of natural gas due to warmer than normal weather and North American natural gas storage inventory levels that are higher than normal.²

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 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	\$1,122.83	\$1,692.05
– Beginning April 1, 2024	\$1,066.43	\$1667.00
Total Annual Bill Impact	-\$56.40	-\$25.05
Percentage Change	-5.0%	-1.5%

*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 were approved by the OEB on an interim basis only to allow for further consideration of certain errors that EPCOR identified in its application.

² <https://www.eia.gov/outlooks/steo/>

Other Rate Changes

Other changes taking effect on April 1, and included in Table 1 above are Federal Carbon Charge and Facilities Carbon Charge adjustments previously approved by the OEB.³ Under the federal *Greenhouse Gas Pollution Pricing Act*, EPCOR is required, among other things, to pay a carbon charge to the federal government for emissions from the volume of natural gas that it delivers to its customers. The federal carbon charge increases annually each April. All the money collected by EPCOR through this charge goes to the federal government.

The annual bill impact for a typical residential customer resulting from the rate changes in EPCOR's Federal Carbon Pricing and Facilities Carbon Charge is an increase of approximately \$51 for the Aylmer rate zone and \$62 for the South Bruce 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. 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 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)

³[EB-2023-0274, February 22, 2024](#)

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