

Decision on Enbridge's Major Rates Application (Phase 2)

On November 29, 2024, the Ontario Energy Board (OEB) issued its [Decision and Interim Rate Order](#) on a settlement proposal (the proposal) related to Phase 2 of Enbridge Gas Inc.'s (Enbridge) application to change its natural gas rates and other charges beginning January 1, 2024. Enbridge also asked for approval of an incentive rate-making mechanism (IRM) for the years 2025 to 2028. This is the second of three phases of Enbridge's application.¹

The OEB has approved the Phase 2 proposal, agreed upon by Enbridge and intervenors, covering all but three² issues in the proceeding. These issues will be considered separately through an oral hearing. The OEB has accepted that the proposal is an appropriate basis upon which to establish just and reasonable rates, subject to the OEB's decision on the unsettled issues, and approved the draft rate order for updated 2024 and 2025 interim rates.

Approval results in a \$9.39M reduction to Enbridge's proposed 2024 revenue requirement.

Reductions include:

- An \$8.1M reduction specific to the revenue requirement related to the Dawn to Corunna project,
- A \$0.3M reduction to the allocation of unregulated storage costs,
- A \$0.1M increase to the working capital in rate base, and
- A \$1.0M base rate adjustment to reflect amounts paid by Enbridge Sustain to Enbridge Gas Inc. for services received but not been included in base rates.

The 2025 bill impacts for individual customers, resulting from the interim rate order, vary by rate zone and rate class. For a typical residential sales service customer, interim rates will result in an annual bill increase of:

- \$32.21 (or 2.5% of total bill) for a Rate 1 customer in the Enbridge Gas Distribution rate zone
- \$28.80 (or 2.1% of total bill) for a Rate 01 customer in the Union North rate zone
- \$29.97 (or 2.7% of total bill) for a Rate M1 customer in the Union South rate zone

INTERVENORS

Intervenors are individuals or groups who have permission to participate in a hearing before the OEB because they have a substantial interest in the proceeding. Twenty-one intervenors participated in the

¹ The OEB issued a [Decision and Order](#) on Phase 1 (EB-2022-0200) on December 21, 2023. The Phase 1 proceeding established base rates for 2024 while the Phase 2 proceeding is determining the formula to be used to adjust those base rates for the years 2025-2028.

² The issues that were unsettled in whole or in part deal with meter-reading metrics, establishing a Low Carbon Voluntary Program for the inclusion of renewable natural gas in gas supply, and revenue decoupling from customer numbers

settlement conference, and with few exceptions, all supported the issues that were settled. A full list of intervenors that participated in the settlement conference can be found in the [Settlement Proposal](#) filed November 4, 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 delivery of clean, reliable and affordable energy for the people, farms and businesses 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. You can learn more about the OEB at oeb.ca.

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 Electrification 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 CEO, 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 Order issued November 29, 2024, which is the official OEB document.