



SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, B.C. V6Z 2N3
CANADA

AN ORDER IN THE MATTER OF the Utilities Commission
Act, S.B.C. 1980, c. 60, as amended

and

Domestic Natural Gas Supply Decision
and Order No. G-13-93

BEFORE: M.K. Jaccard, Chairperson;)
K.L. Hall, Commissioner; and) June 16, 1994
F.C. Leighton, Commissioner)

O R D E R

WHEREAS:

- A. The Commission's March 11, 1993 Domestic Natural Gas Supply Decision ("the Decision") stated that prior to May 1, 1994, the Commission intended to review matters related to direct sales to core market consumers; and
- B. In response to the Decision, BC Gas, PNG and Centra Gas (the "LDC's") have made arrangements to provide Westcoast Energy Inc. ("Westcoast") Zone 4 capacity for buy/sell deliveries to core market consumers but no buy/sell sales have taken place to date; and
- C. By letter dated April 6, 1994 the Commission invited written comments about implementation problems and impediments to direct core market sales; and
- D. Several parties filed submissions that addressed specific implementation concerns, including the date that reference prices are made available and the date by which Agents/Brokers/Marketers ("A/B/M's") must provide notification of buy/sell volumes; and
- E. The submission of the Canadian Independent Gas Marketing Association ("CIGMA") stated that the lack of access to Westcoast capacity north of Station #2 is the major impediment to buy/sell sales and that the required rolling four-year term of contract is the second significant problem. CIGMA recommended that the Commission direct BC Gas to renegotiate its base load supply contracts but did not propose a mechanism that could be used to re-allocate Westcoast capacity; and
- F. The B.C. Health Services Ltd. submission requested the development of a wider menu of transportation service alternatives that would be used by core market consumers as alternatives to buy/sells; and
- G. In their submissions, the LDC's stated that the renegotiation of base load contracts to obtain greater access to Westcoast Zone 4 capacity and to displace base load purchases appeared to be unnecessary at this time and would cause increased gas costs for core market customers; and
- H. The Commission has considered the submissions and has determined that the following directions should be ordered.

ORDER
NUMBER G-42-94

NOW THEREFORE the Commission orders as follows:

1. The Commission confirms that the overall intent of the Decision was to provide, where economically feasible, open access to Westcoast capacity in all zones in order to facilitate direct sales to core market customers. However, the specific directions regarding transportation capacity found in Chapter 4.0 (Westcoast Transportation) of the Decision refer to the perceived problems regarding Zone 4 capacity.
2. In response to submissions from CIGMA and others that there is a lack of ready access to Westcoast Zones 1, 2, and 3 capacity, the Commission invites parties that desire improved access to Westcoast capacity to develop and submit detailed proposals setting out how such a re-allocation of capacity would work for Zone 3 and for Zones 1 and 2.
3. The Commission anticipates that upon receipt of the above-mentioned capacity re-allocation proposals, it will direct that a review of matters relating to access to Westcoast capacity and other issues such as contract term requirements will be held in late 1994 or early 1995, providing circumstances at that time indicate a review is needed.
4. The Commission establishes notification dates of July 1, 1994 for buy/sell volumes for the 1994/95 gas year that require Zone 4 capacity and September 1, 1994 for buy/sell gas delivered to Huntingdon, B.C. An A/B/M will be entitled to subsequently increase or decrease its notification by amounts that do not in total exceed a fixed percentage of the original notification. For the 1994/95 gas year and subject to future review by the Commission, the fixed percentage is established as 20 percent until such time as the total of A/B/M notifications reaches 5 percent of the LDC's total base load Daily Contract Quantity and as 10 percent for changes requested after that time.
5. The Commission directs that an LDC will continue to accept notifications of buy/sell gas quantities after July 1, 1994 to the extent possible on a first-come/first-served basis, considering firm commitments it has made respecting supply needs and/or Zone 4 capacity.
6. The Commission directs the LDC's to file reference prices for 1994/95 as early as possible and not later than October 1, 1994 and to include proposals for dealing with indexed prices and other uncertainties.
7. The Commission confirms that incremental costs to Centra Gas of accepting buy/sell gas or making Zone 4 capacity available will be borne by the direct purchase customer which caused the increase. The Commission refuses Centra Gas' request to include in its revenue requirement calculation any incremental costs that result from its efforts to facilitate direct sales and which cannot be allocated to direct purchase customers.
8. The Commission directs BC Gas to develop a contract and reference price for buy/sell deliveries off the Alberta Natural Gas system for the 1995/96 gas year, providing there is sufficient interest from A/B/M's.
9. The Commission directs BC Gas to review the monthly administration fee for 1994/95 under Rate Schedules 25 and 27 that would apply when several accounts are grouped together.

DATED at the City of Vancouver, in the Province of British Columbia, this *22nd* day of June, 1994.

BY ORDER



Frank C. Leighton,
Commissioner



ROBERT J. PELLATT
COMMISSION SECRETARY

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June 22, 1994

To: Registered Intervenors and Interested Parties:

Re: Domestic Natural Gas Supply Policy
Review of Matters Affecting Direct Sales to Core Market Customers

Further to the March 11, 1993 Commission Decision on Domestic Natural Gas Supply and Rules and the Commission's April 6, 1994 request for comments, the Commission has reviewed matters affecting direct sales to core market consumers, including submissions from Local Distribution Companies, Agents/Brokers/Marketers, and other interested parties, and issues the attached Commission Order No. G-42-94.

Yours truly,

A handwritten signature in black ink, appearing to read "R. Pellatt", written over a horizontal line.

Robert J. Pellatt

RJP/ssc
Attch.